



BADRI

**SAUDI ARABIA'S
INSURANCE INDUSTRY
PERFORMANCE
ANALYSIS H1- 2020**

November, 2020



BADRI

ABOUT BADRI MANAGEMENT CONSULTANCY

BADRI MANAGEMENT CONSULTANCY IS THE FASTEST GROWING ACTUARIAL CONSULTING FIRM IN THE MIDDLE EAST, RECOGNIZED FOR ITS COLLABORATIVE APPROACH TO WORKING WITH ITS CLIENTS AS PROFIT OPTIMIZING PARTNERS. WE ARE SERVING AS APPOINTED ACTUARY FOR OVER 20 COMPANIES IN THE GCC. IN ADDITION, WE ARE PROVIDING OTHER SERVICES INCLUDING IFRS17 IMPLEMENTATIONS, DEVELOPMENT OF ERM FRAMEWORK, SPECIALIZED SERVICES FOR MEDICAL INSURANCE AND TPAs, BUSINESS INTELLIGENCE SOLUTIONS AND END OF SERVICE BENEFITS VALUATIONS.



BADRI

VISION

SOLUTION ARCHITECTS STRENGTHENING OUR PARTNERS TO OPTIMIZE PERFORMANCE

MISSION

WE HELP OUR CLIENTS BE THE BEST VERSION OF THEMSELVES BY FOSTERING PARTNERSHIPS, CHALLENGING NORMS AND PROVIDING CUTTING EDGE SOLUTIONS. WE INSPIRE OUR PEOPLE TO CONSTANTLY EVOLVE AND CHASE EXCELLENCE WITH INTEGRITY IN A DIVERSE, EXCITING AND GROWTH-ORIENTED CULTURE.

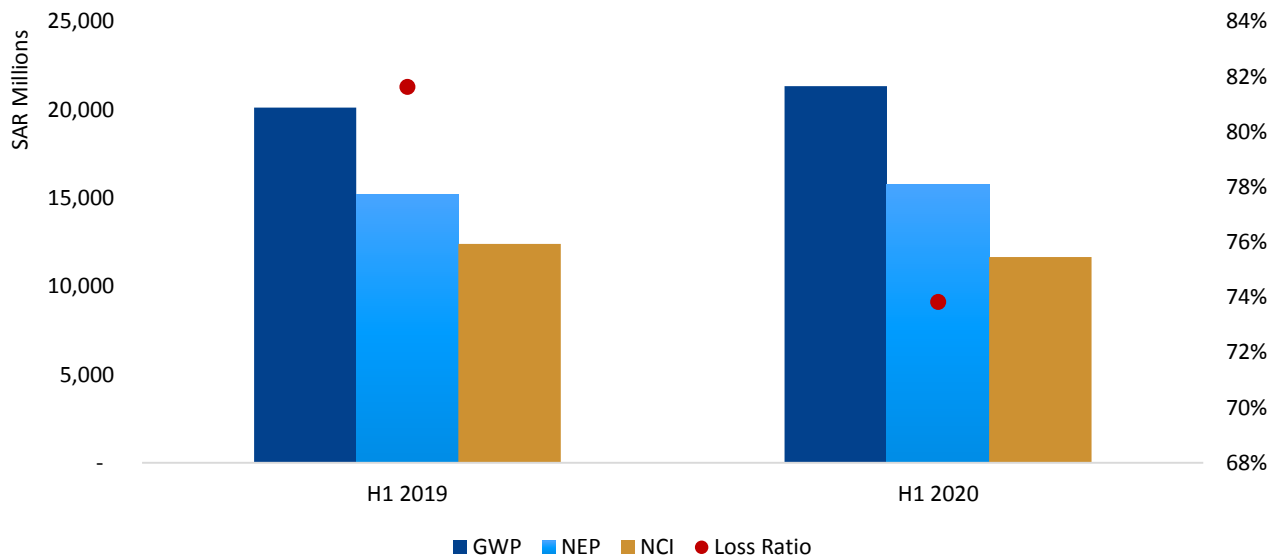
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OVERVIEW OF INDUSTRY

Analysis of the Key Performance Indicators (KPIs) of 31* Listed Insurance Companies of KSA for the half year ended June 30, 2020 has been undertaken. The data has been extracted from the annual financial statements of H1-2020 of those companies which were publicly available. While we have tried to ensure accuracy in the data input and evaluation process, in view of the natural scope for human and/or mechanical error, either at input or during analysis, we accept no liability whatsoever for any loss or damage resulting from errors, inaccuracies or omissions of any part of this publication. If you come across an error or have a query, do write to us.

INDUSTRY MIX



SAR 21.3 BILLION
 Gross written premiums
 (Overall)

SAR 20.7 BILLION
 Gross written premiums
 (without Saudi Re)

74%
 Industry's Loss ratio

8%

Industry's ROE
 for H1- 2020

102%

Liquidity ratio
 for H1- 2020

82%

Industry's weighted
 average retention ratio

96%

Industry's weighted
 average Combined Ratio

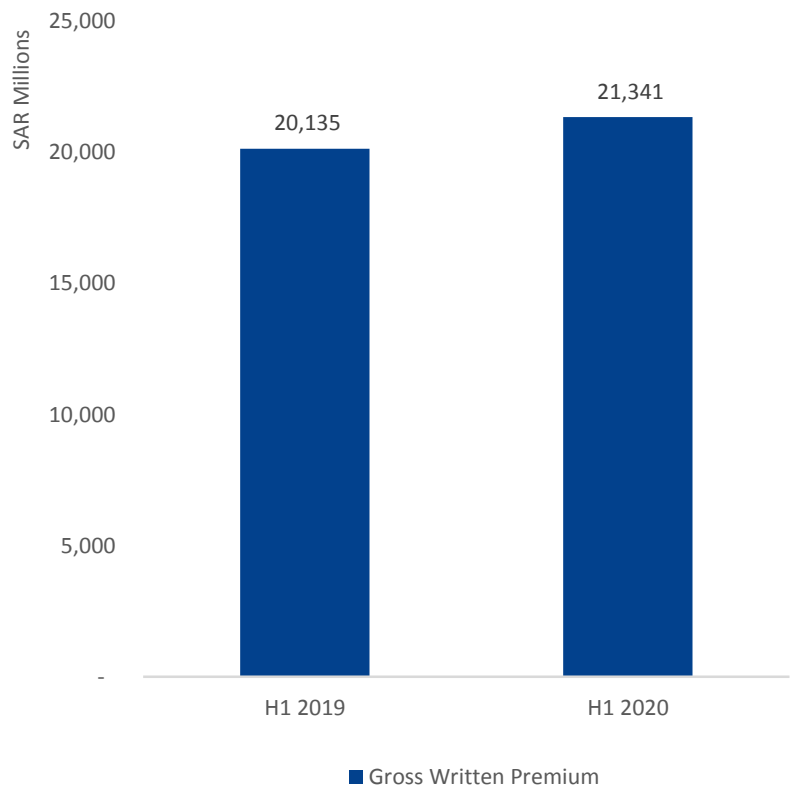
*The financial statement for H1 2020 of Saudi Indian Insurance has not been published at the date of the publication of this report and hence all the analysis does not include Saudi Indian Insurance

Company	Ranking		Indication
	GWP	Profit	
Bupa	1	1	→
Tawuniya	2	2	→
Medgulf	3	6	↓
Al-Rajhi	4	3	↑
AXA	5	4	↑
Saudi Re	6	10	↓
Walaa	7	9	↓
SAICO	8	8	→
Wataniya	9	20	↓
Malath	10	14	↓
Allianz	11	26	↓
UCA	12	27	↓
Arabian Shield	13	24	↓
Al Etihad	14	5	↑
ACIG	15	13	↑
Gulf Union	16	22	↓
Alinma	17	23	↓
Arabia	18	21	↓
Solidarity	19	30	↓
Al Sagr	20	31	↓
Salama	21	19	↑
GGI	22	12	↑
Amana	23	18	↑
CHUBB	24	11	↑
Buruj	25	16	↑
Al Ahlia	26	25	↑
SABB	27	28	↓
Enaya	28	29	↓
AlJazira	29	7	↑
Al Alamiya	30	15	↑
Alahli	31	17	↑

GROSS WRITTEN PREMIUMS

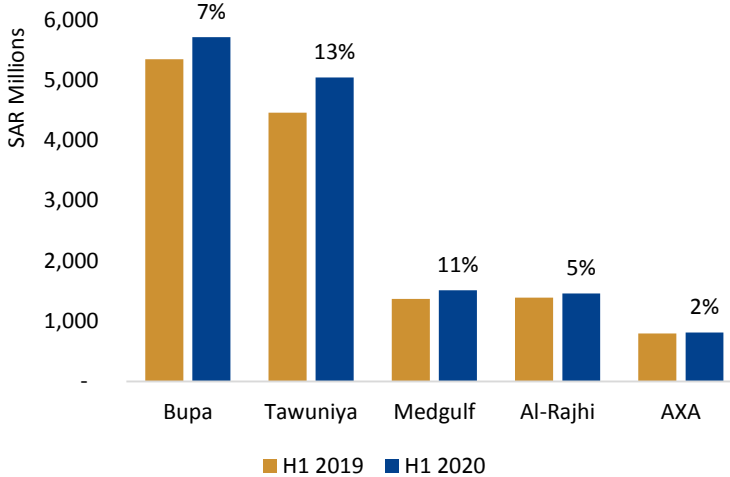
“For the 31 listed companies the GWP grew from SAR 20 billion in H1-2019 to SAR 21 billion in H1-2020 highlighting a growth of 6%. Without Saudi Re, the GWP of the industry increased from SAR 19.6 billion in H1-2019 to SAR 20.6 billion in H1-2020 signifying a growth of **5.4%**”

Gross Written Premium



GROSS WRITTEN PREMIUMS

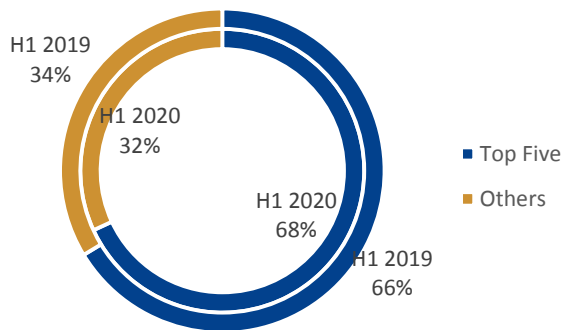
TOP FIVE



Total Gross Premiums Written by 31 listed insurance companies, in the H1-2020 SAR 21.3 billion, as compared to SAR 20.1 billion, the premium written in the corresponding period of H1-2019, which shows a growth of 6%.

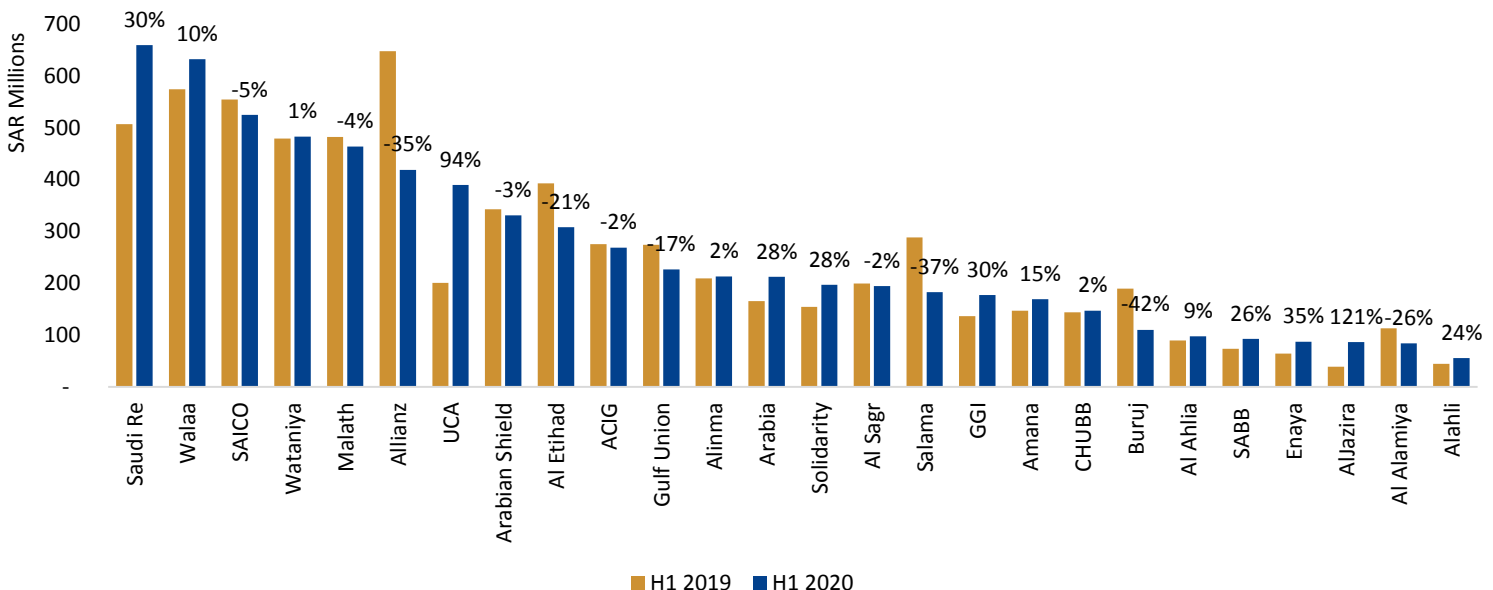
The top 5 companies had a combined premium of SAR 14.5 billion for H1-2020 as compared to SAR 13.4 billion for the H1-2019.

GWP DISTRIBUTION

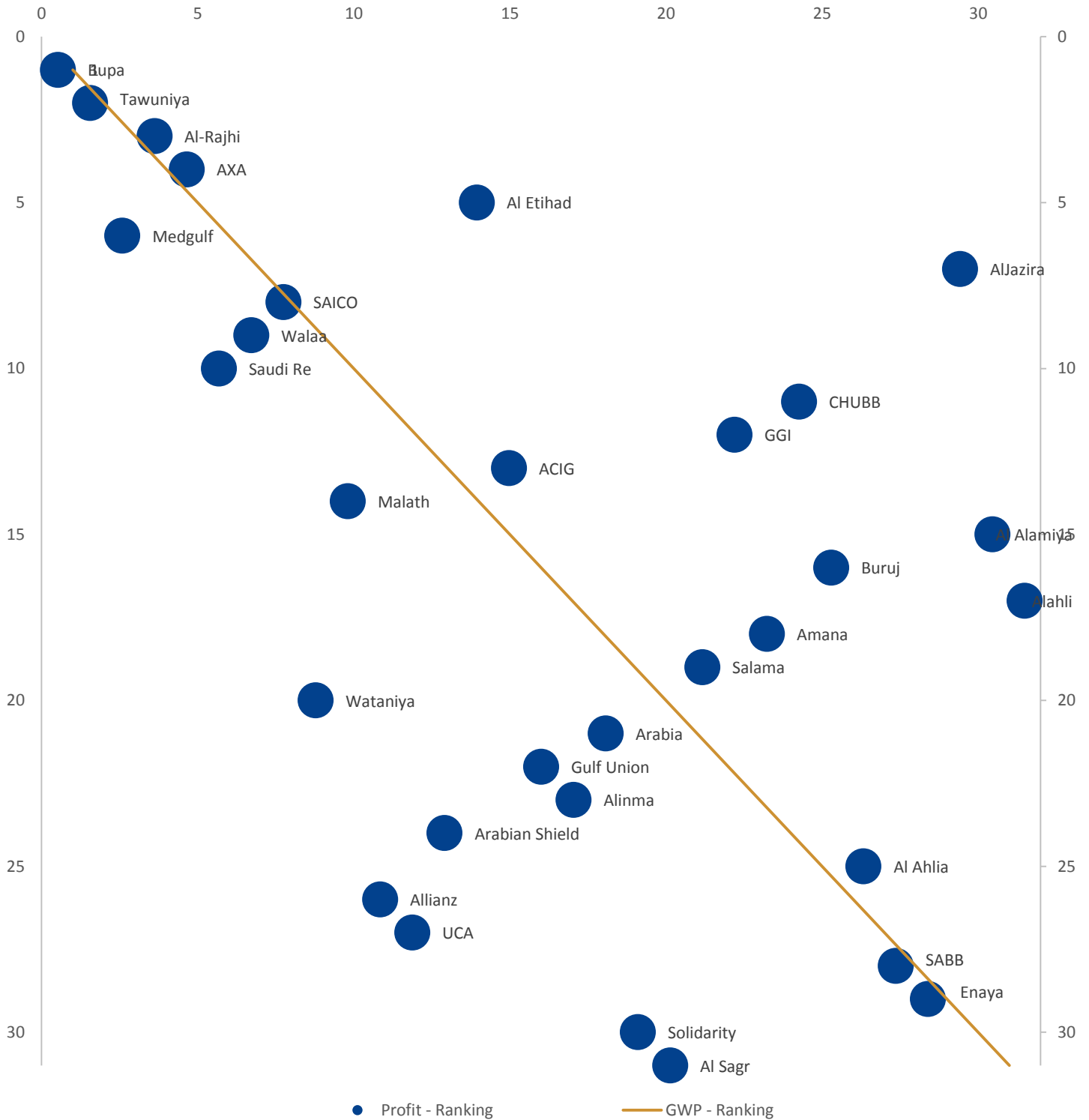


The highest GWP growth over H1-2020 was shown by Al Jazira with an increase of 121% in premiums compared to the corresponding period of H1-2019. The largest decline over the same period was shown by Buruj with a decrease of 42% compared to the corresponding period of H1-2019.

OTHERS

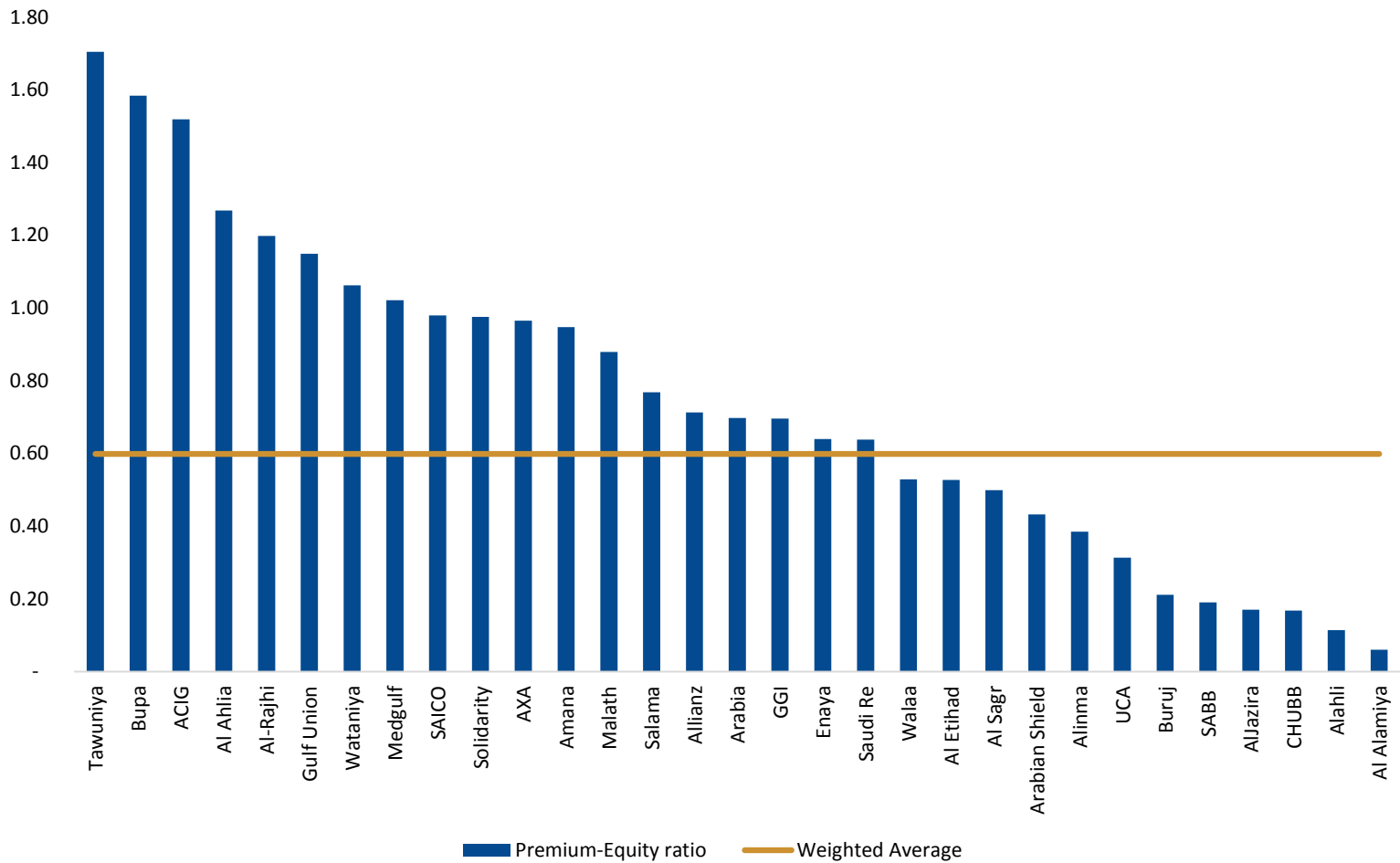


GROSS WRITTEN PREMIUMS



NWP TO EQUITY RATIO

Premium to Equity Ratio



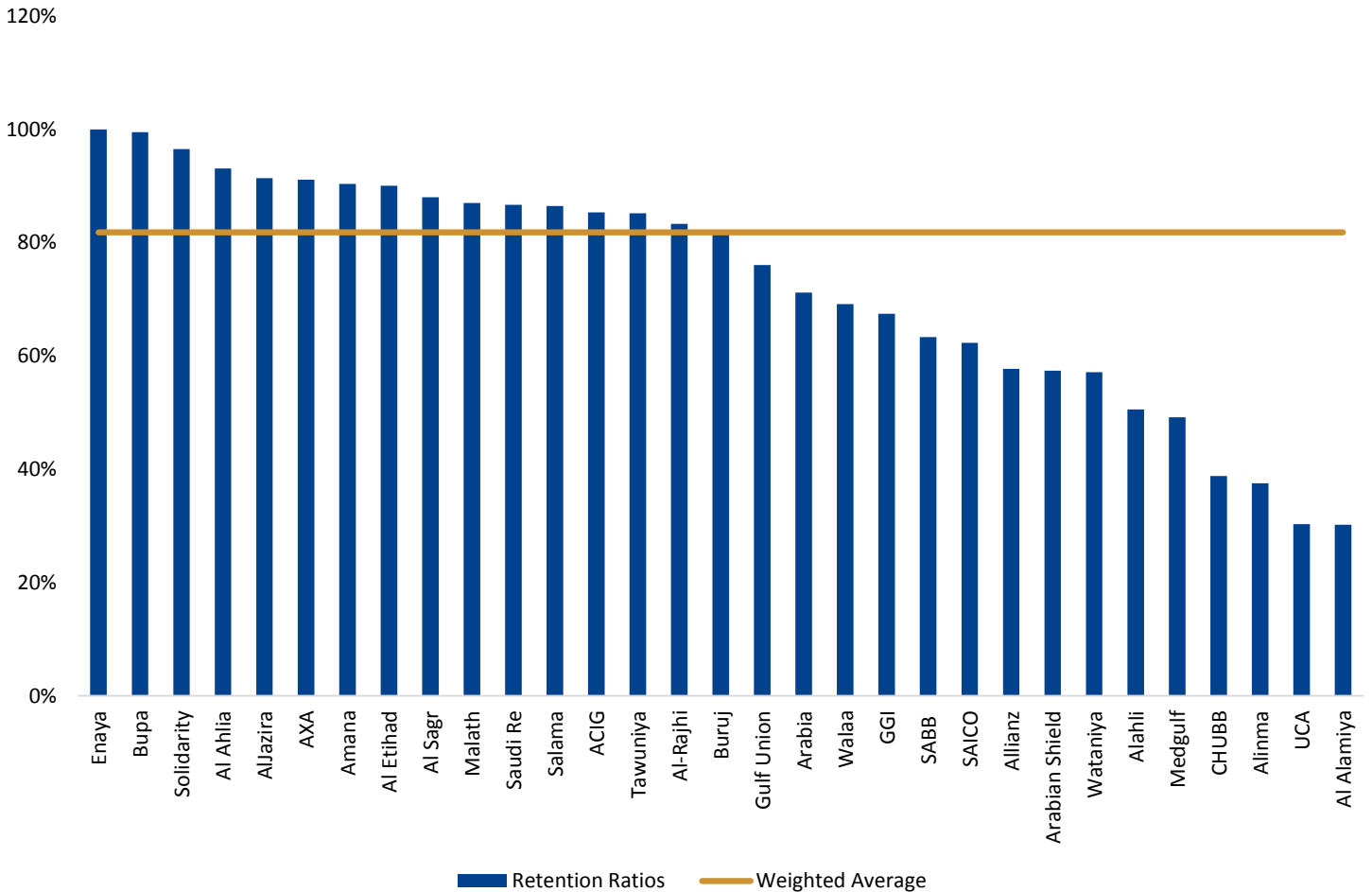
The highest Premium to Equity ratio for H1-2020 is **1.70**, shown by Tawuniya, whereas the lowest ratio of 0.06 is reflected Al Alamiya.

Weighted average gearing ratio for the market is **0.60**.

The Premium to Equity ratio is calculated by taking the proportion of Net Written premium in H1-2020 to Total Equity as at H1-2020. It represents the premium that pertains to each SAR amount of equity held by the Companies.

RETENTION RATIO

RETENTION RATIO



The highest retention ratio for H1-2020 is of 100% is reflected by Enaya and Bupa, whereas the lowest retention ratio of **30%** is reflected by UCA and Al Alamiya.

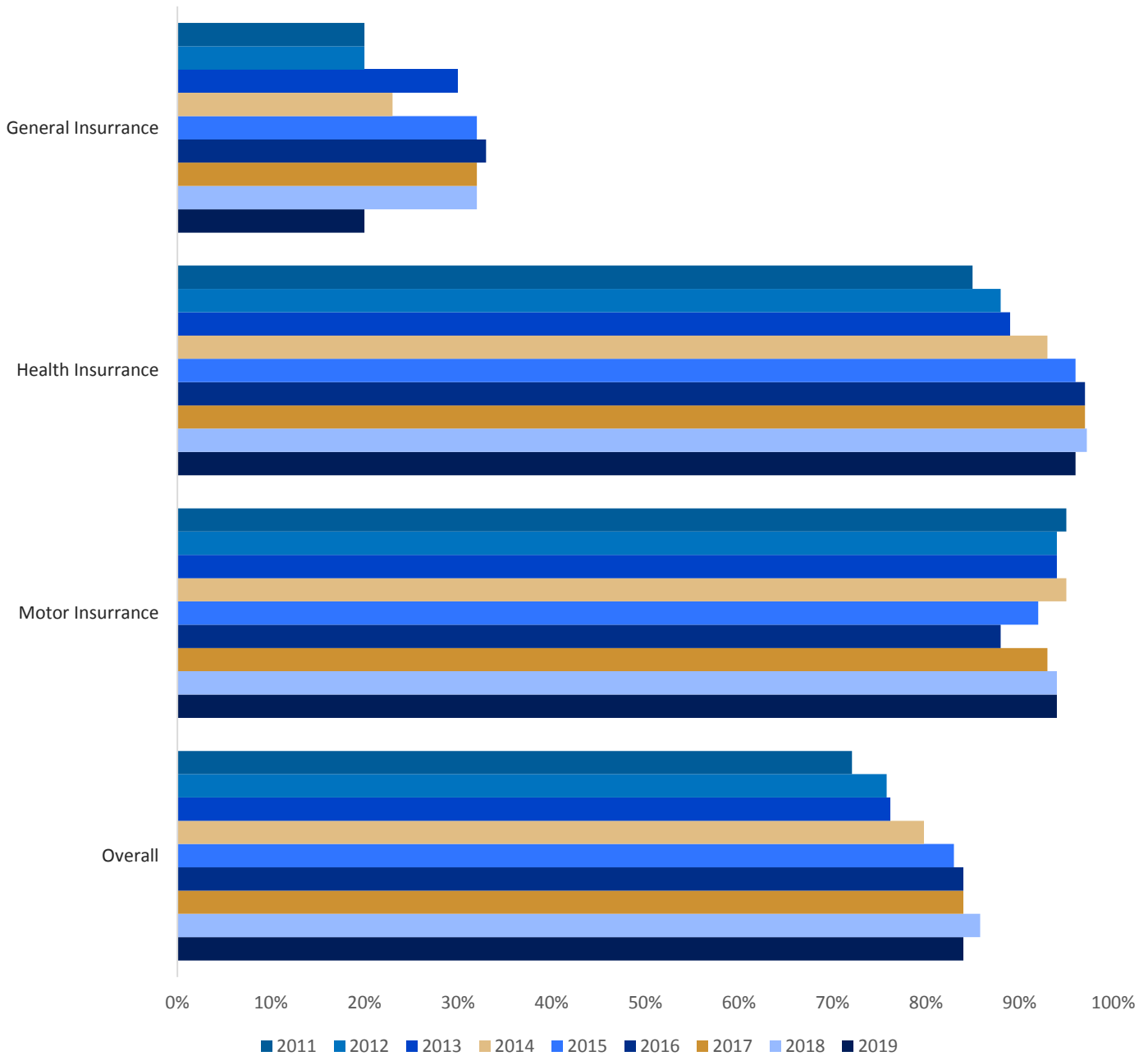
The weighted average retention ratio for listed companies was at **82%**.

The retention ratios have been calculated as a ratio of net written premium to gross written premium.

Although there may be exceptions, retention ratios are generally reflective of the lines of business being underwritten; Motor and Medical generally tend to have high retention ratios, while commercial lines such as Aviation, Engineering and Fire tend to have lower retentions. Also, since this analysis does not segregate life and non-life business, the Companies writing higher volumes of life, especially IL and PA, would also tend to show higher retention levels.

RETENTION RATIO

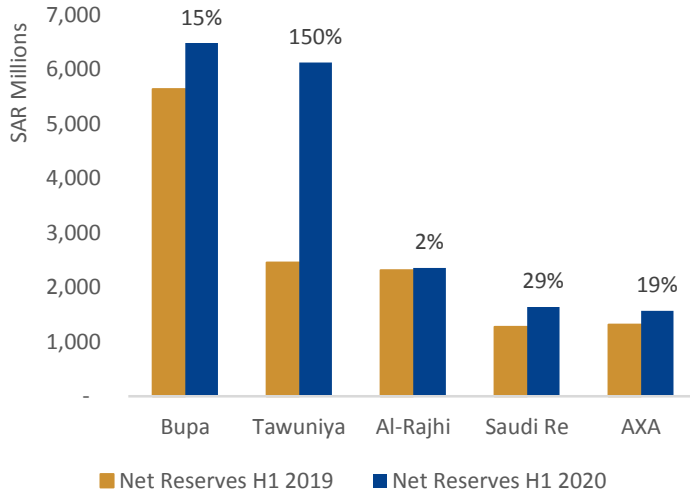
Yearly Retention Ratio by LOBs



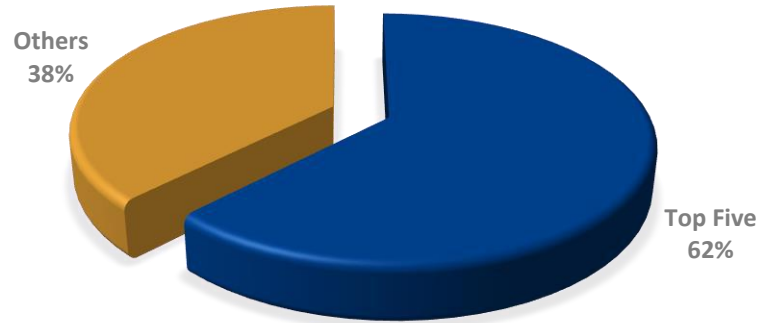
Overall, the Insurance sector has witnessed significant growth in the retention ratios over the years which has mainly been driven by increase in proportion of Health Insurance business. For H1-2020, as per our analysis the weighted average retention ratio is 82%.

NET TECHNICAL RESERVES

TOP FIVE



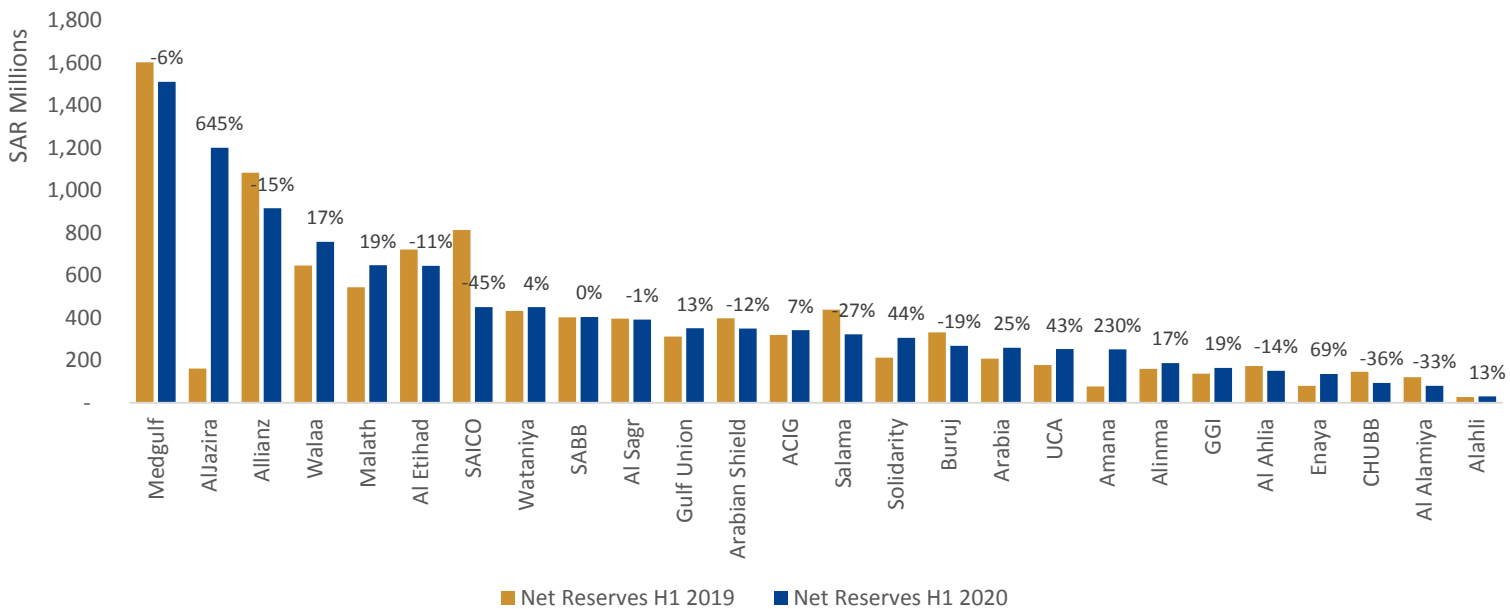
NET RESERVES



Total net reserves as at H1-2020 were SAR 29 billion.

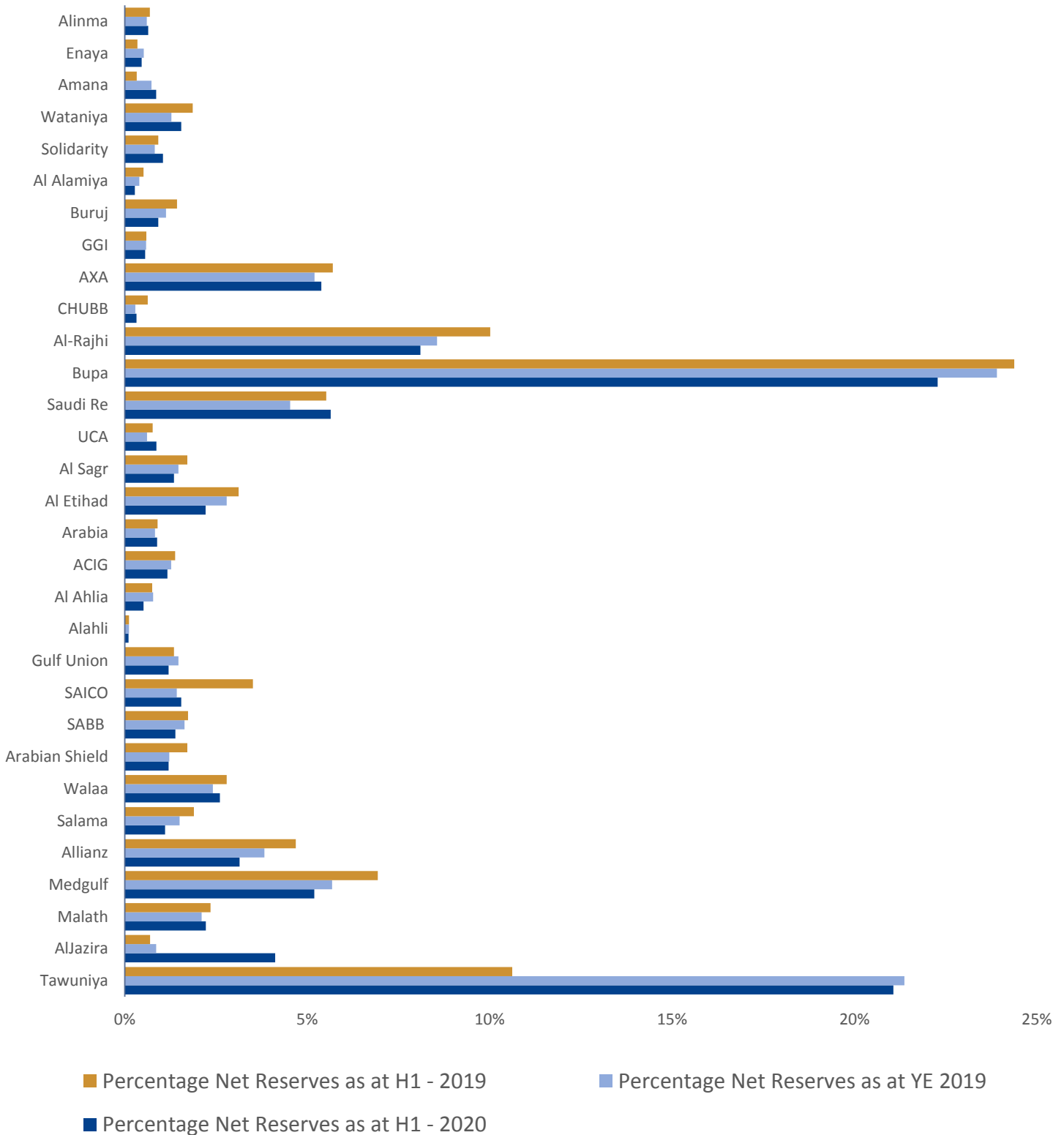
Total Net Reserve of top five companies by Net Reserves as at H1-2020 is SAR 18 billion.

OTHERS



NET TECHNICAL RESERVES

% of Net Reserves in Total Net Reserves over the periods

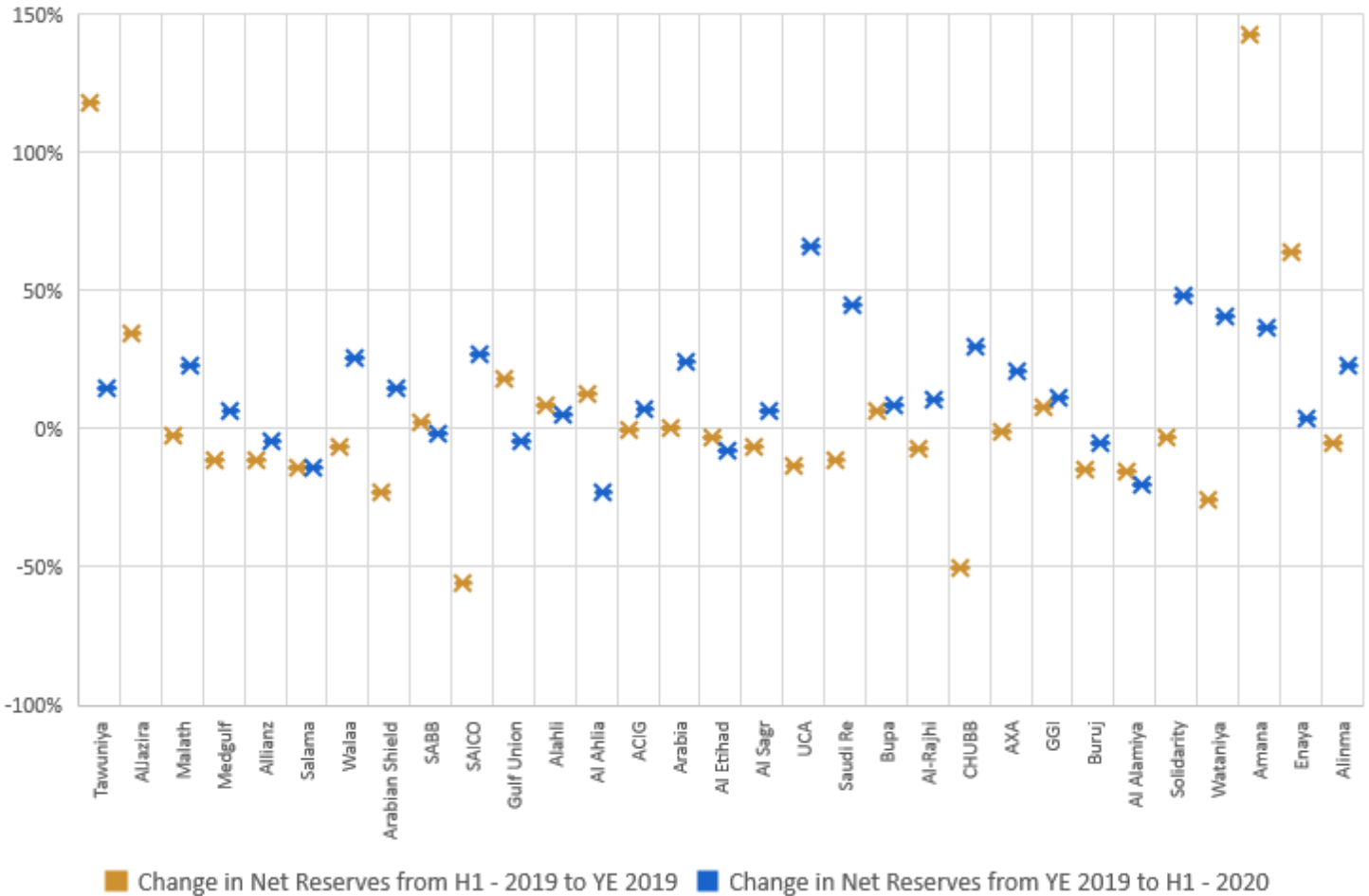


NET TECHNICAL RESERVES

Amana witnessed a highest increase in its Technical Reserves from H1-2019 to YE 2019 by 142%.

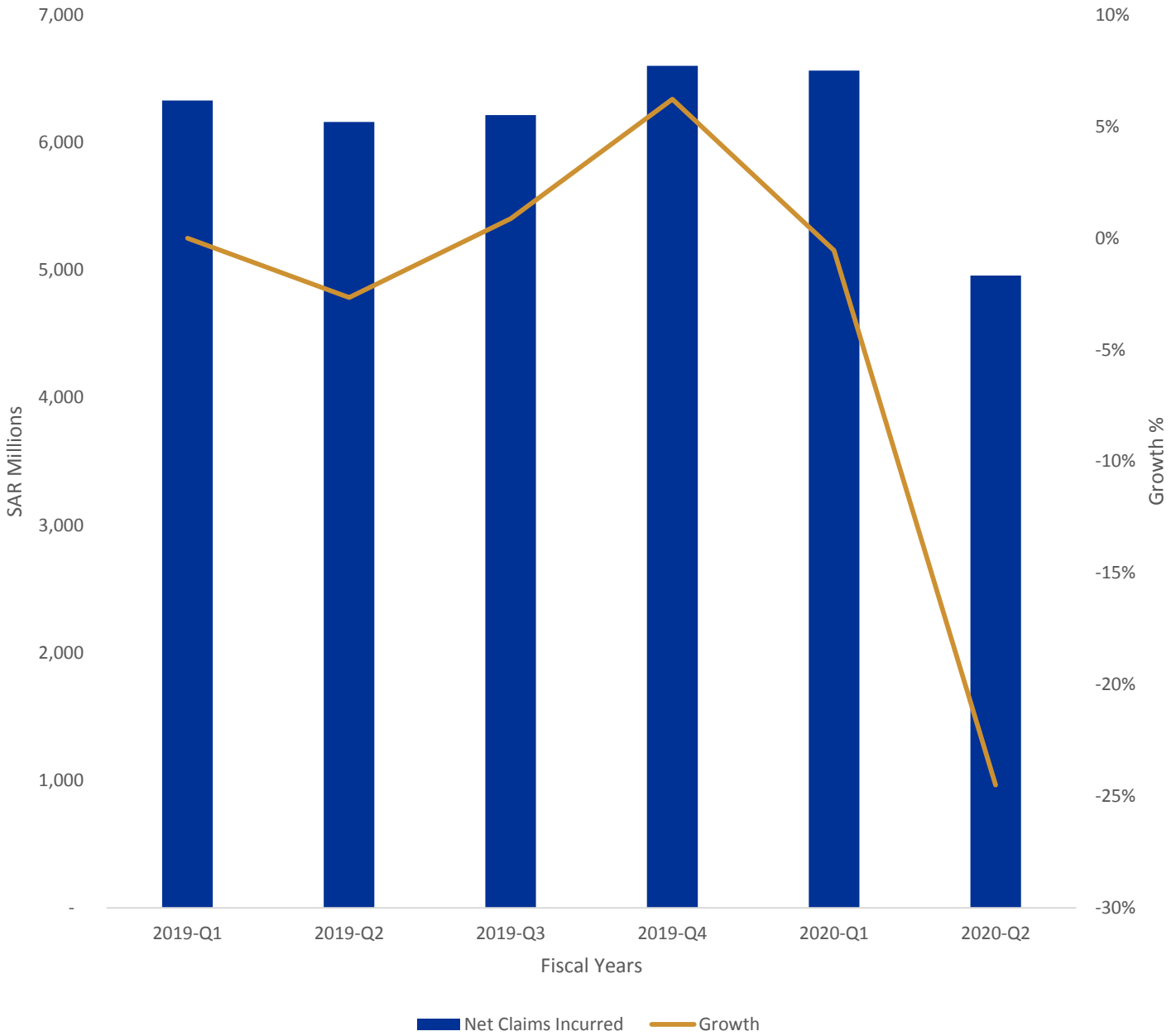
Al Jazira recorded a growth of 456% in its Net Reserves from H1 2019 to H1-2020

Percentage Change in Net Reserves



NET CLAIMS INCURRED & GROWTH

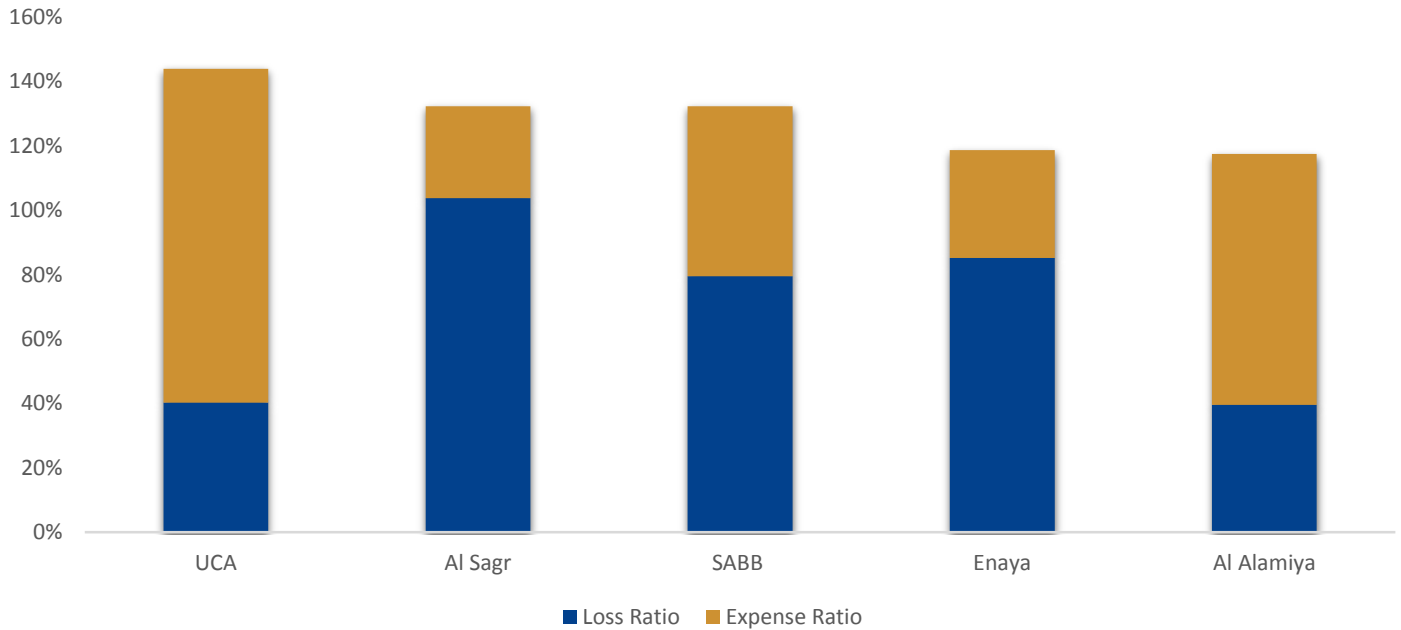
Net Claims Incurred & Growth



- The Growth of Net Claims Incurred has followed an uneven pattern. Major decline in the claims has been witnessed from 2020 Q1 to 2020 Q2.
- The major reason behind the decline in Net Incurred Claims is witnessed due to the outbreak of COVID-19.

COMBINED RATIO

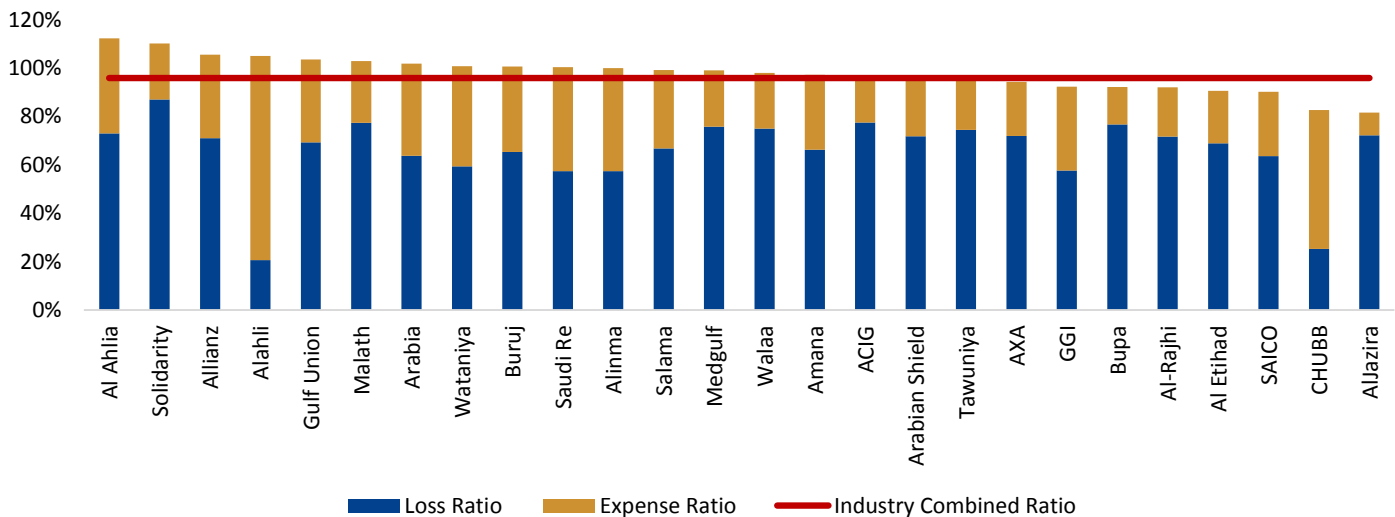
TOP FIVE - COMBINED RATIO



The weighted average combined ratio for H1-2020 is 96% compare to 101% in YE 2019.

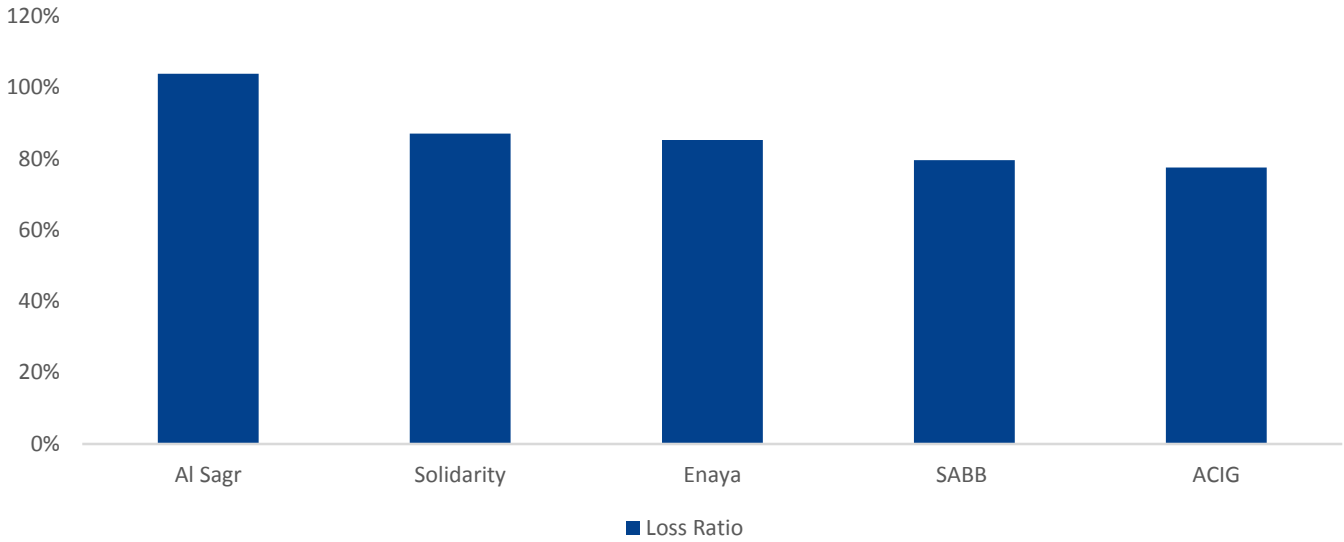
Highest combined ratio of 144% was shown by UCA while the lowest 82% combined ratio was reflected by Al Jazira.

OTHERS



LOSS RATIO

TOP FIVE - LOSS RATIO

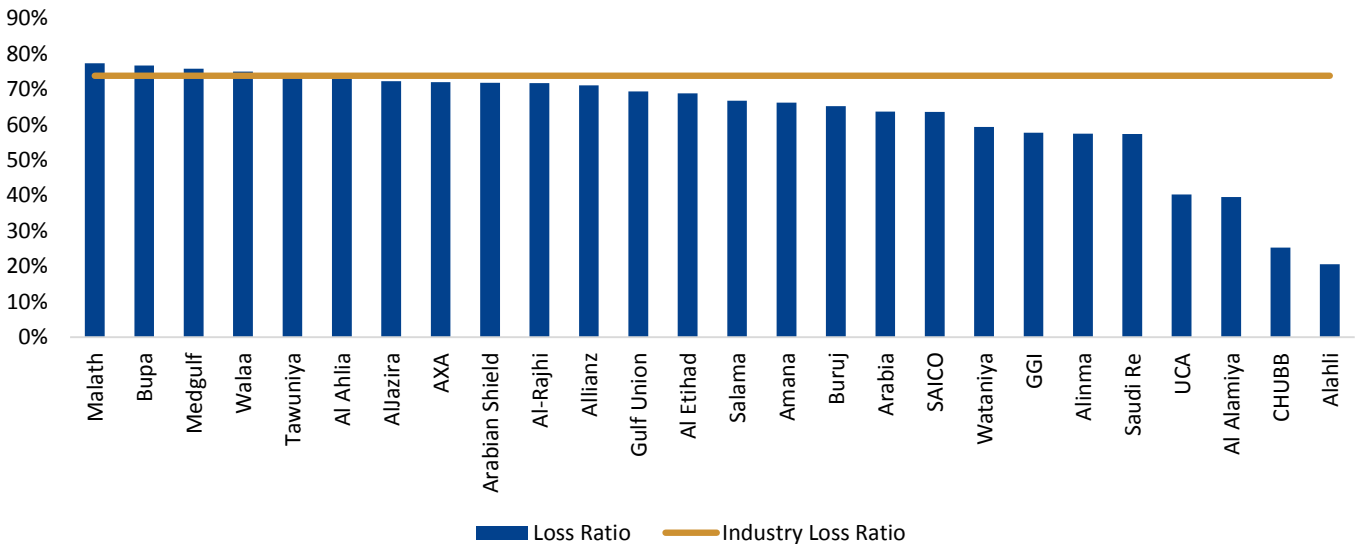


During H1-2020, weighted average loss ratio remained at 74% however, in YE 2019 it stood at 82% ; implying a decrease in market loss ratio.

Loss Ratio has been calculated by dividing net incurred claims to the net earned premiums.

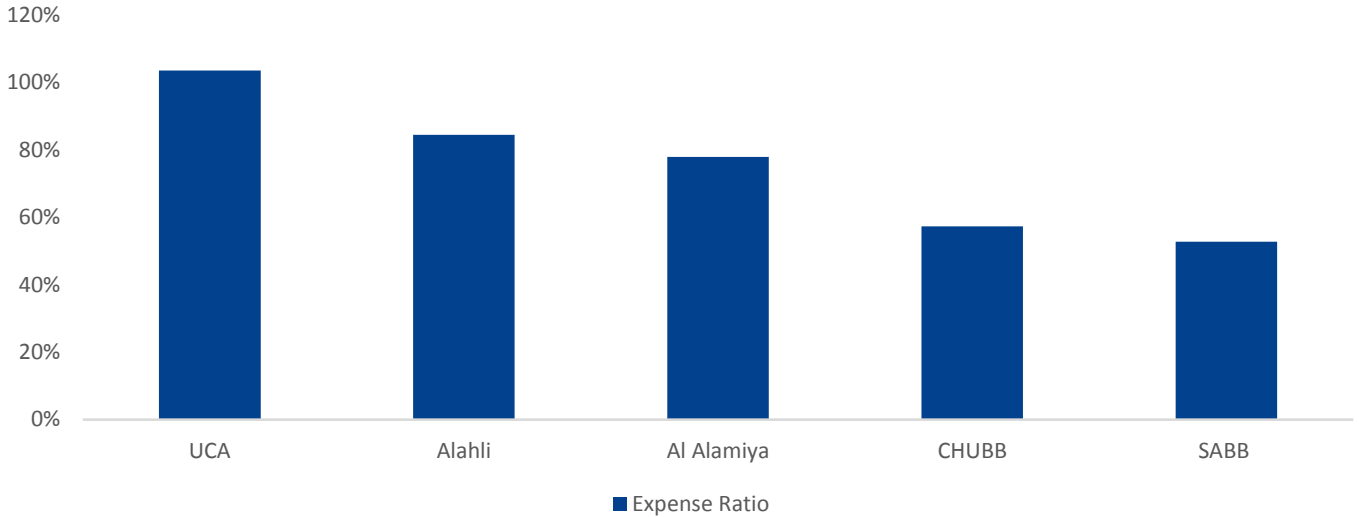
Highest Loss ratio of 104% was shown by Al Sagr whereas the lowest is of 21% is shown by Alahli.

OTHERS - LOSS RATIO



EXPENSE RATIO

TOP FIVE - EXPENSE RATIO

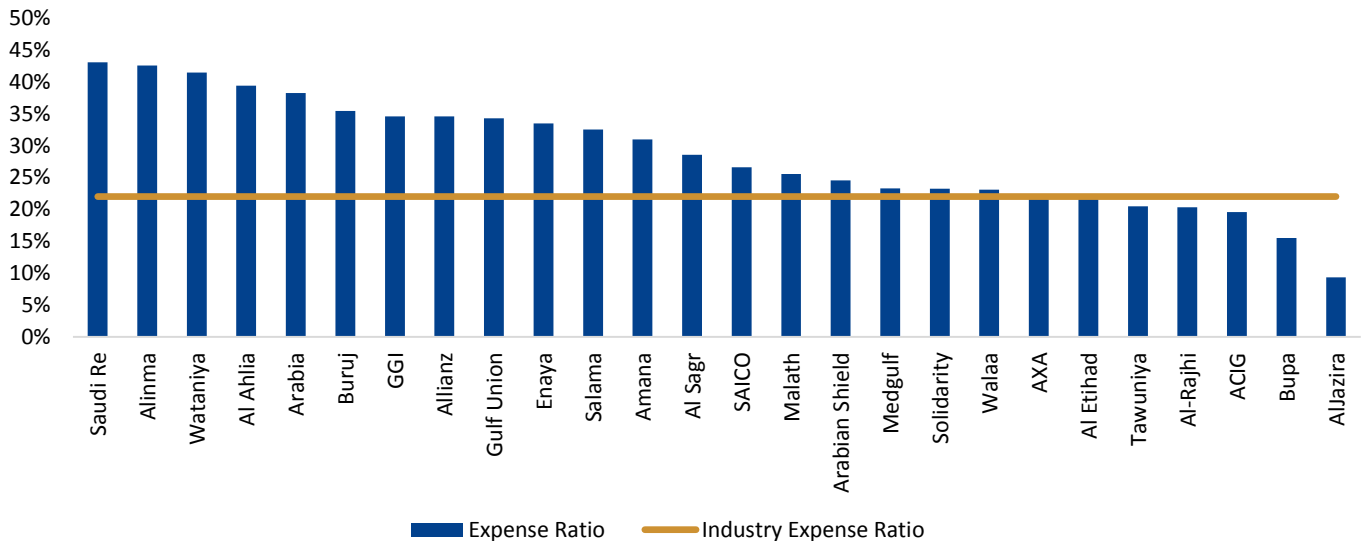


During H1-2020, weighted average Expense ratio remained at 22% however, in YE 2019 it stood at 19% ; implying an increase in market Expense ratio.

Expense Ratio has been calculated by dividing the sum of Net of Commission expenses and other operational expense to Net Earned Premium.

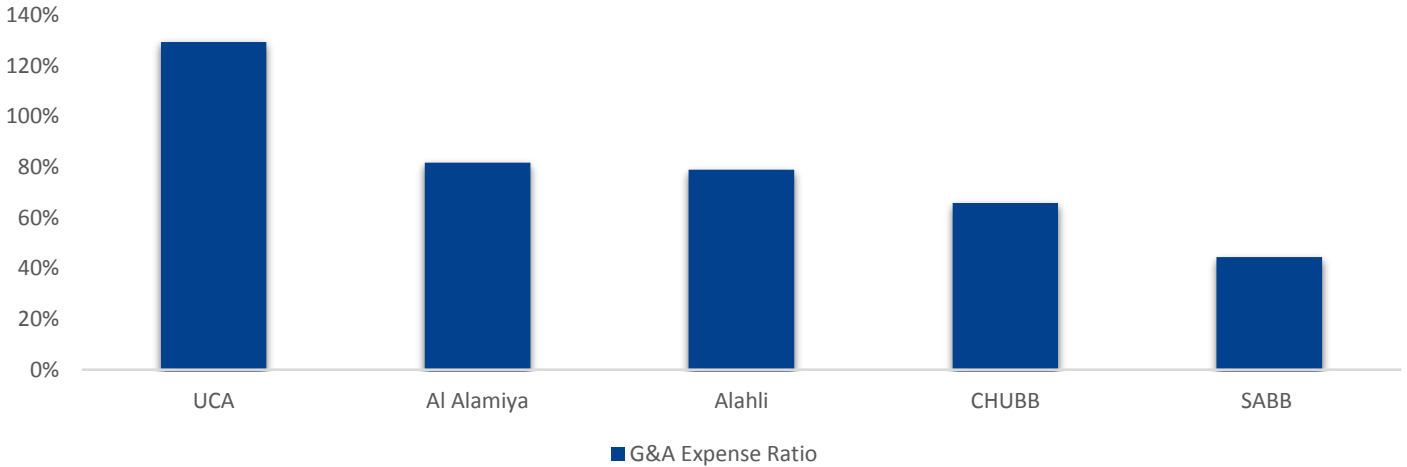
Highest Expense ratio of 104% was shown by UCA whereas the lowest is of 9% is shown by Al Jazira.

OTHERS - EXPENSE RATIO



G&A EXPENSE

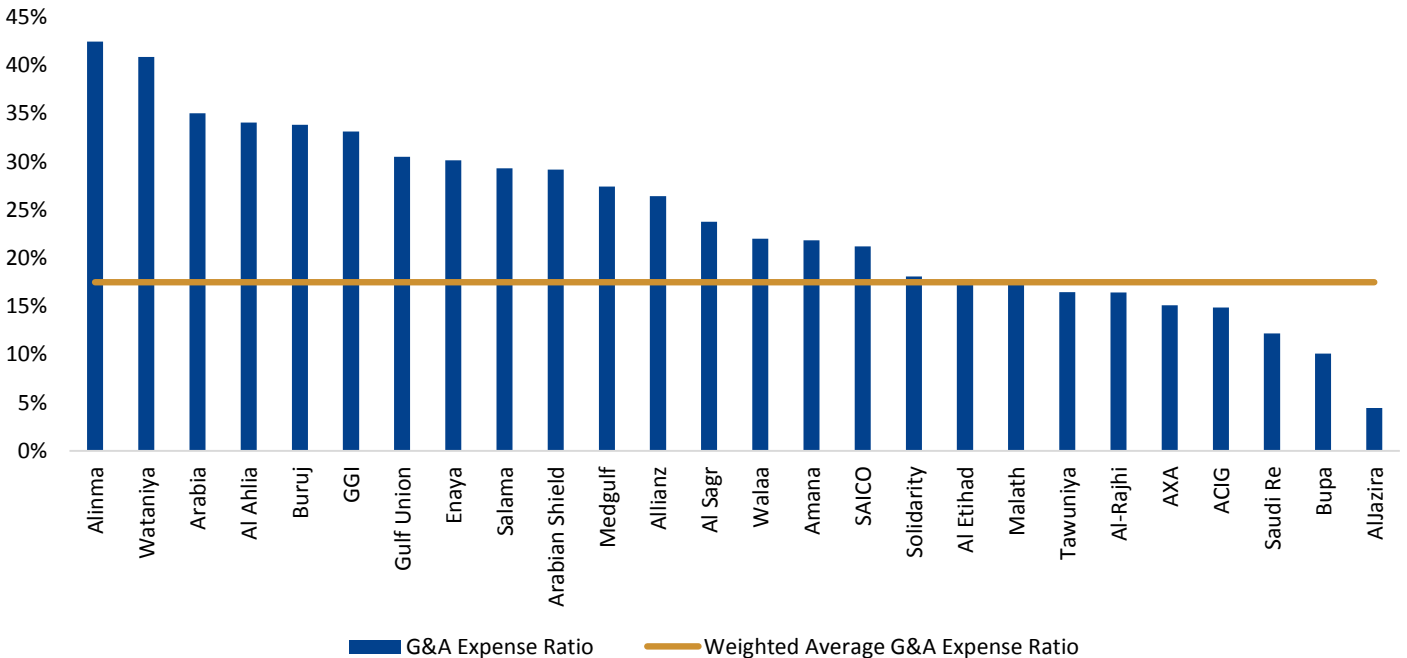
TOP FIVE



Weighted average G&A Expense ratio for the industry was 18% for H1-2020 compare to 15.6% in YE 2019 i.e. an increase of 1.9%.

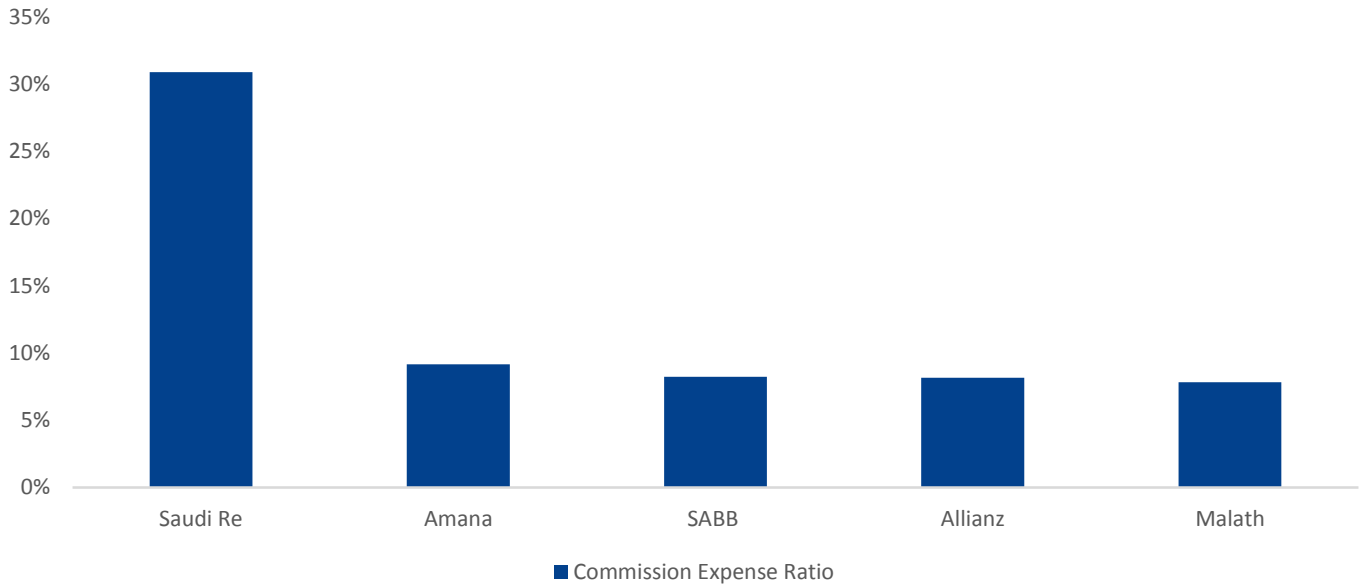
Among all UCA had the highest expense ratio of 129% whereas the lowest expense ratio of 4% is reflected by Al Jazira.

OTHERS



COMMISSION EXPENSE

TOP FIVE

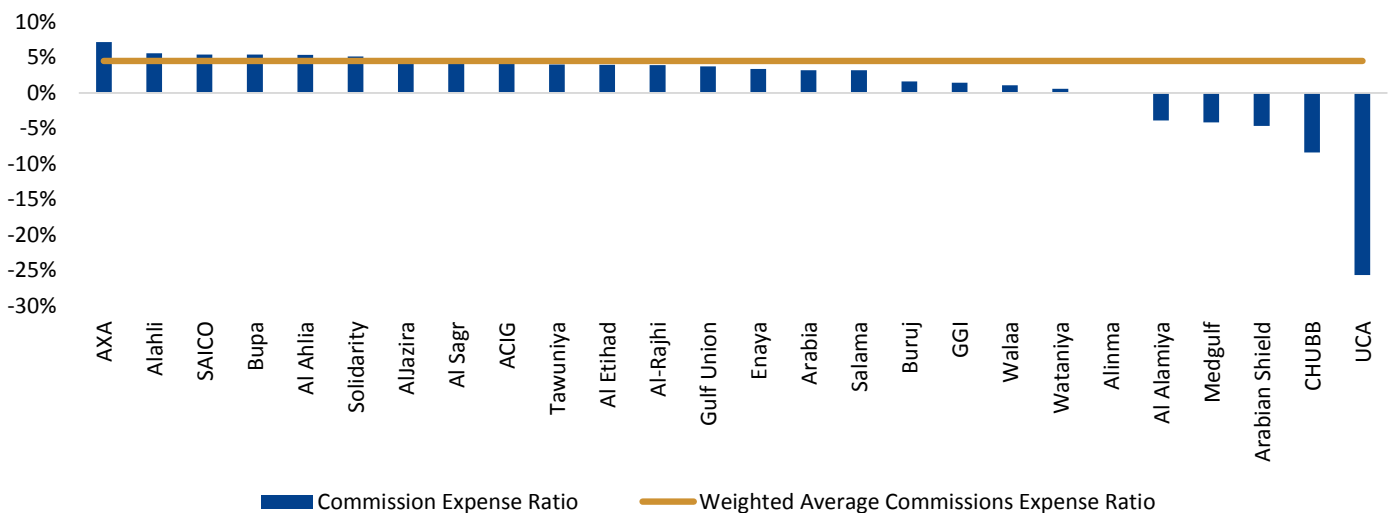


Saudi Re showed the highest commission expense ratio for H1-2020 of 31%, whereas the lowest commission expense ratio of -26% is reflected by UCA.

Industry Weighted Average Commission expense ratio is at 5% while in YE 2019 it was 4%.

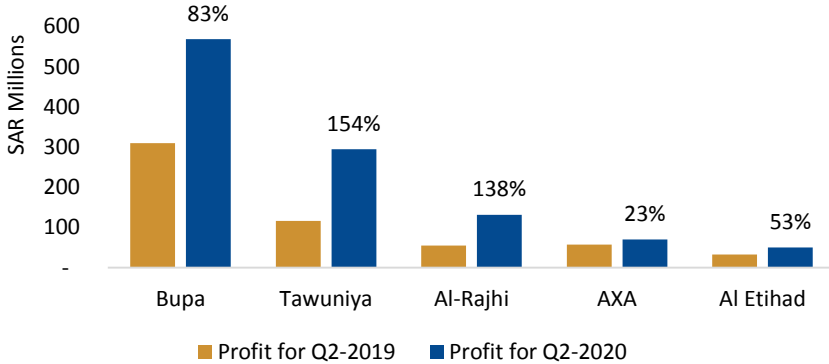
Since Saudi Re has a different nature of business, the second highest commission expense ratio of 9% is achieved by Amana.

OTHERS

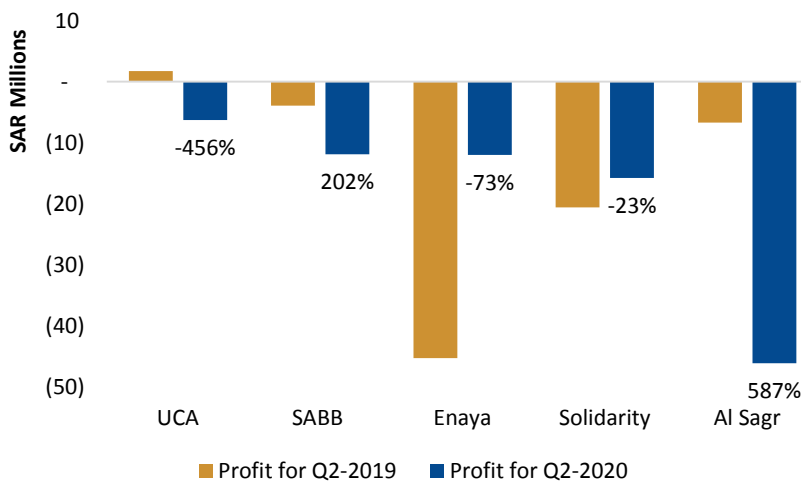


PROFIT COMPOSITION

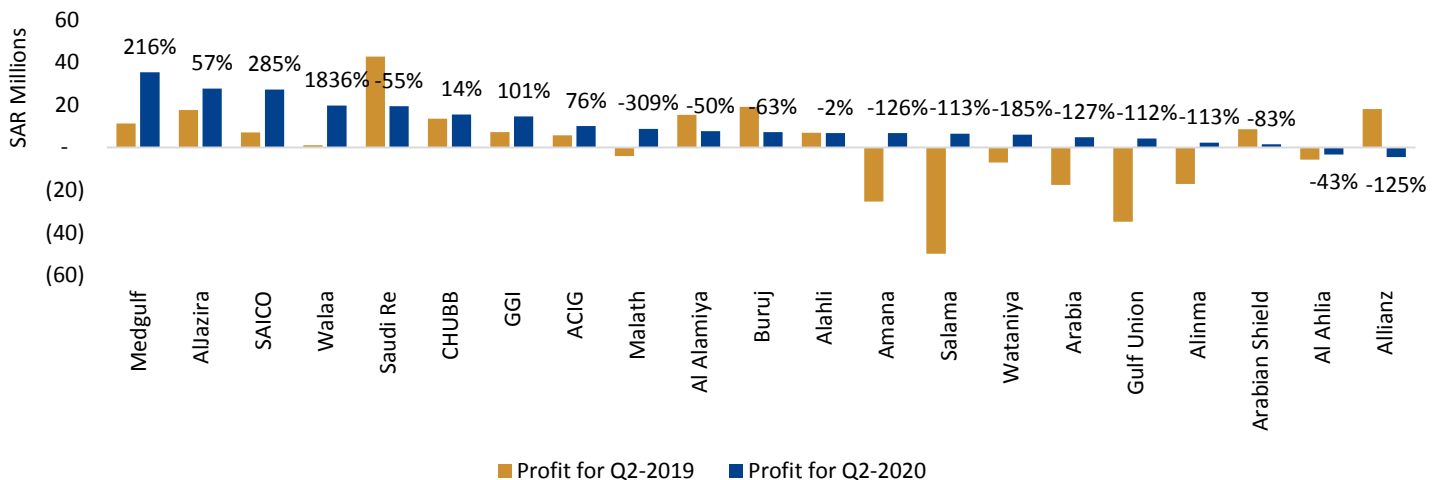
TOP FIVE



BOTTOM FIVE



OTHERS



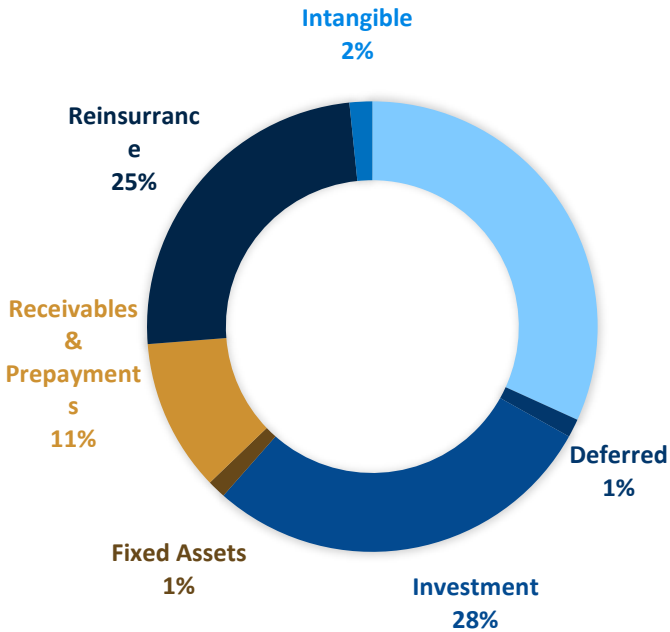
Bupa booked the highest profit during H1-2020 of **SAR 569 million** as compared to a profit of **SAR 310 million** for the corresponding period of H1-2019.

Al Sagr booked the highest loss of SAR 46 million in H1 2020 as compared to a loss of approximately **SAR 7 million** in the corresponding period of H1-2019.

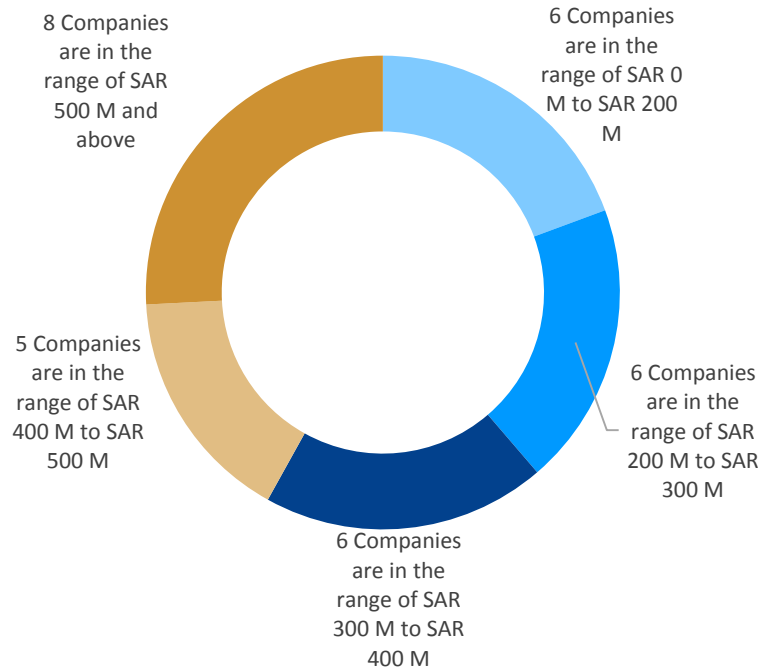
Net profit generated by the industry for H1-2020 amounted to SAR 1,248 million compared to a profit of SAR 509 million for the corresponding period of H1-2019, which is an increase of around **145%**.

ASSETS & SHAREHOLDER EQUITY ANALYSIS

ASSETS CLASSIFICATION

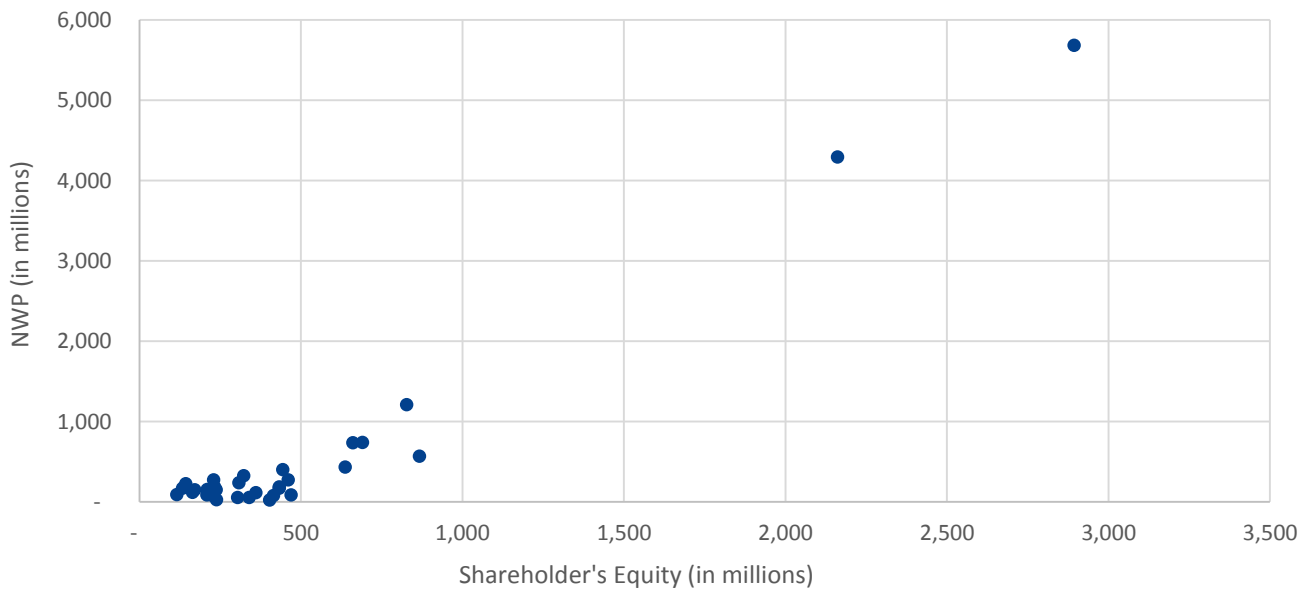


EQUITY SIZE & COMPANIES



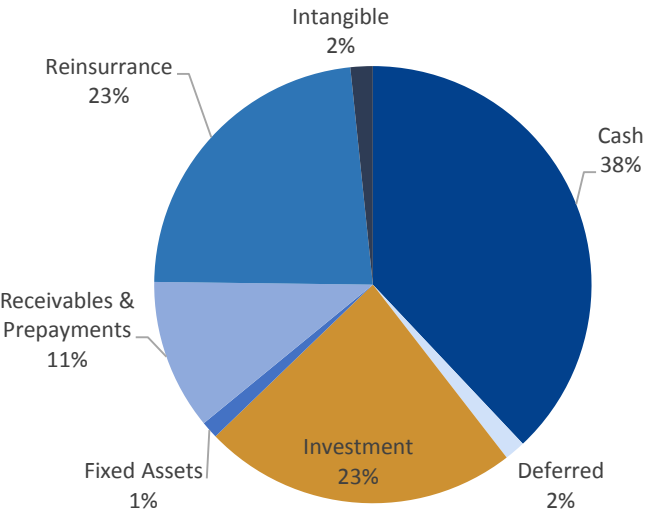
As at June 2020, most of the companies have total shareholder's equity of less than SAR 500 Million.

Insurance Companies' Equity vs NWP

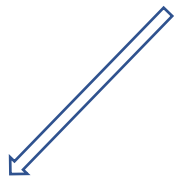
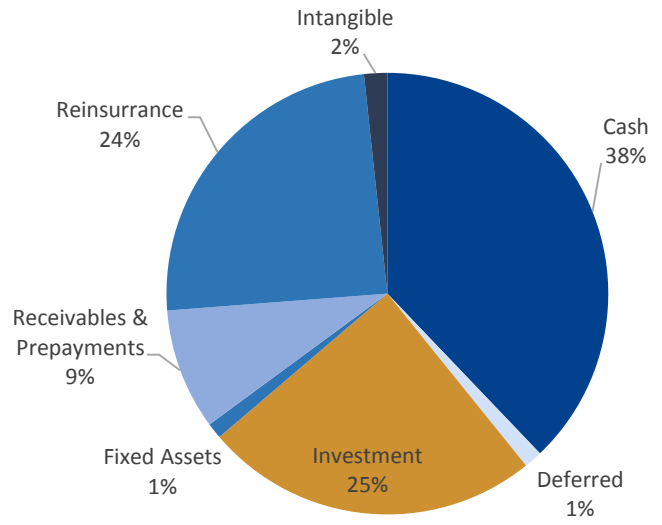


EVOLUTION IN CLASSIFICATION OF ASSETS

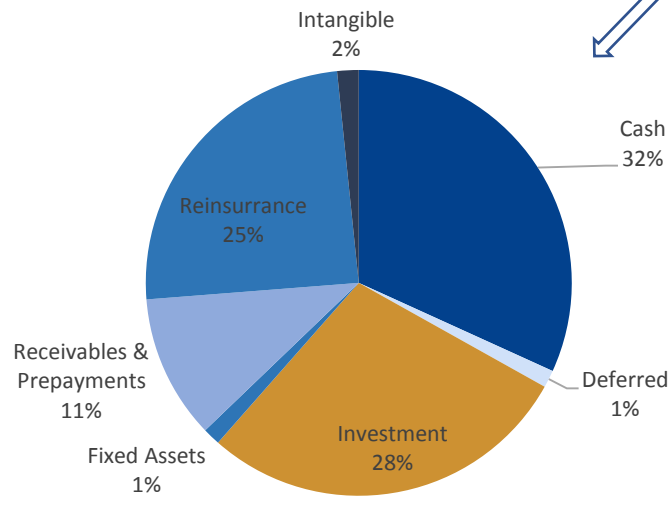
H1-2019



H2-2019



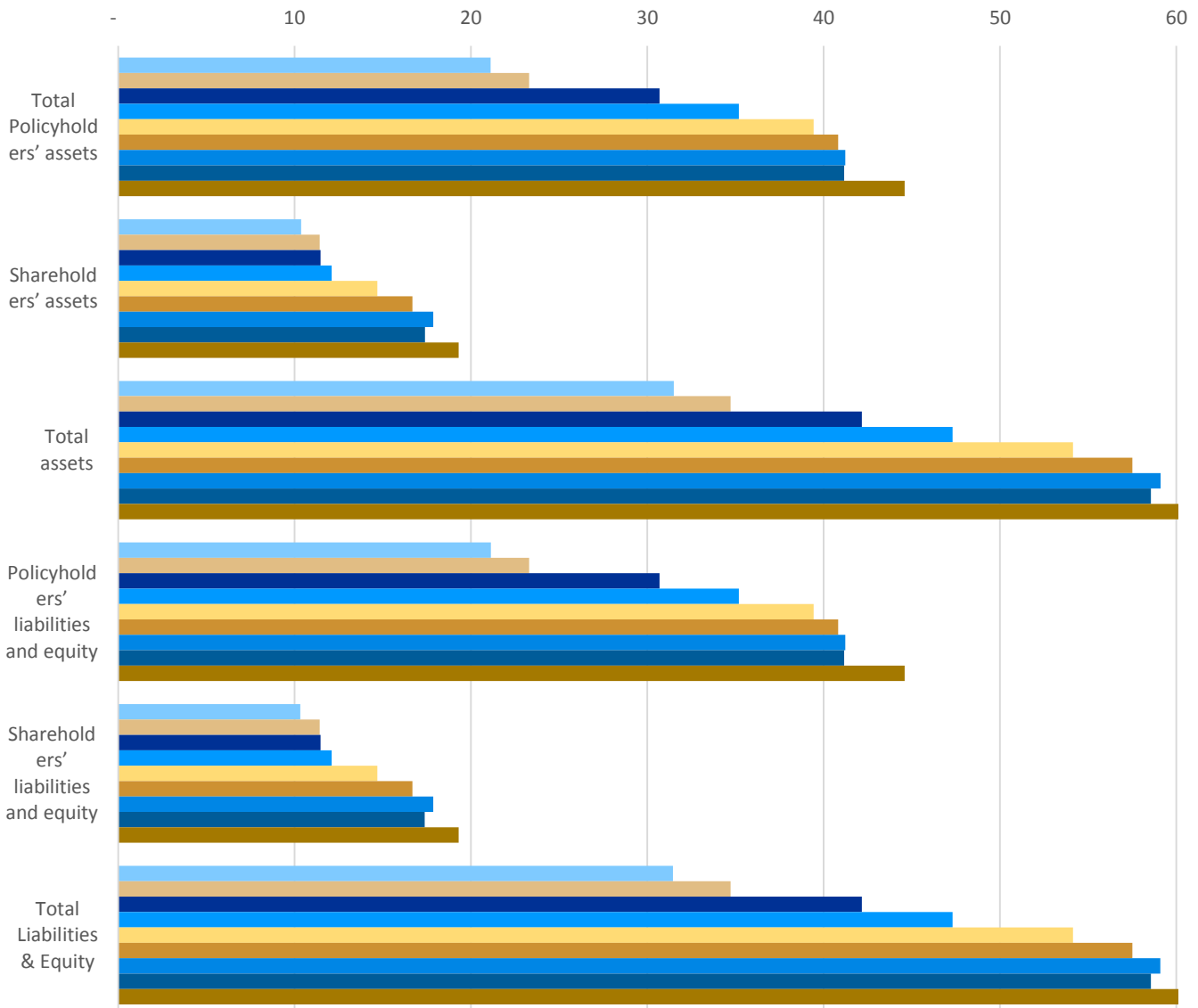
H1-2020



FINANCIAL INSTRUMENTS

Financial Instruments

SAR Billions

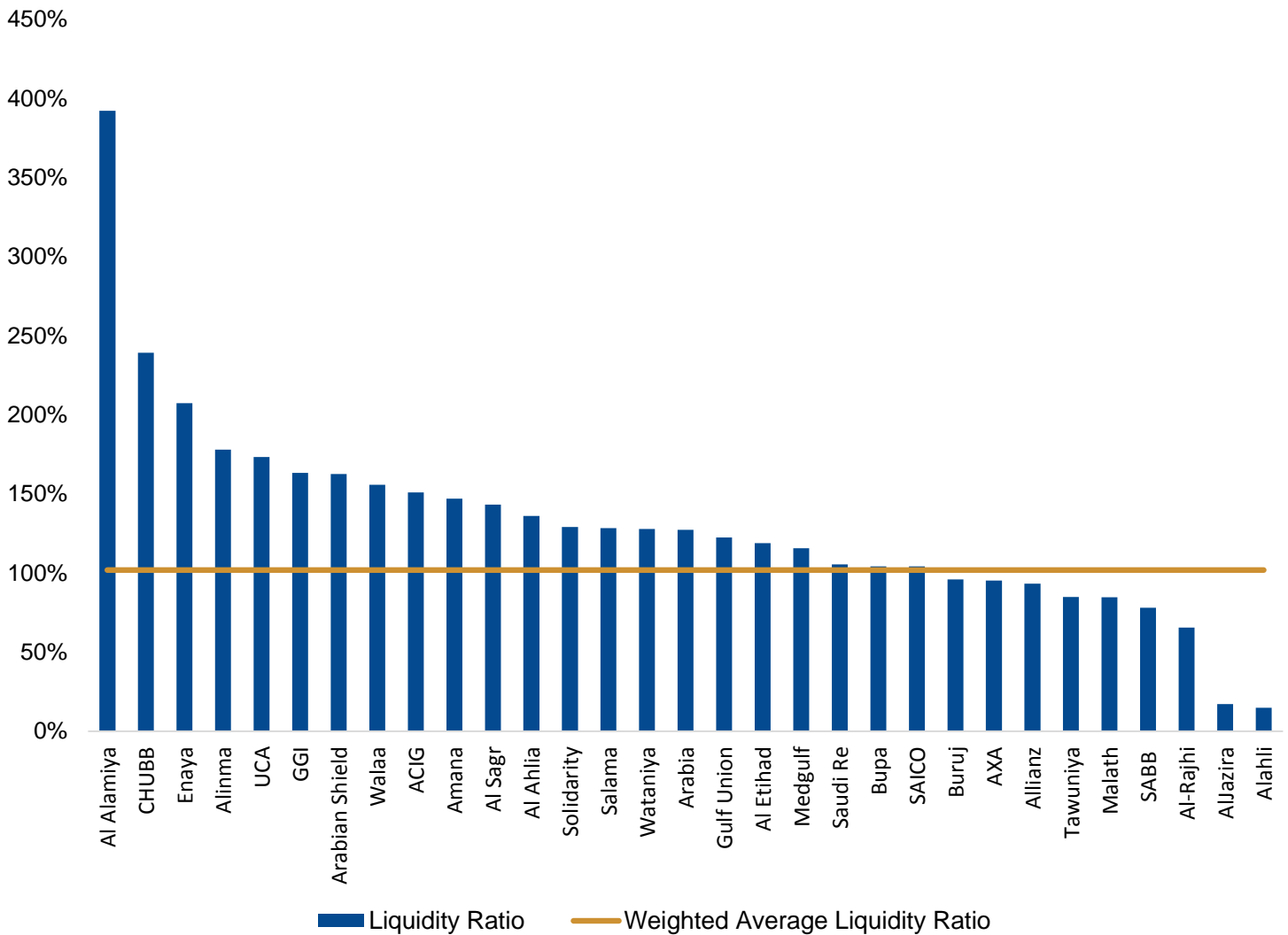


■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019



LIQUIDITY RATIO

LIQUIDITY



The highest Liquidity Ratio for H1 2020 was 392% shown by Al Alamiya, whereas the lowest liquidity ratio of 15% is reflected by Alahli.

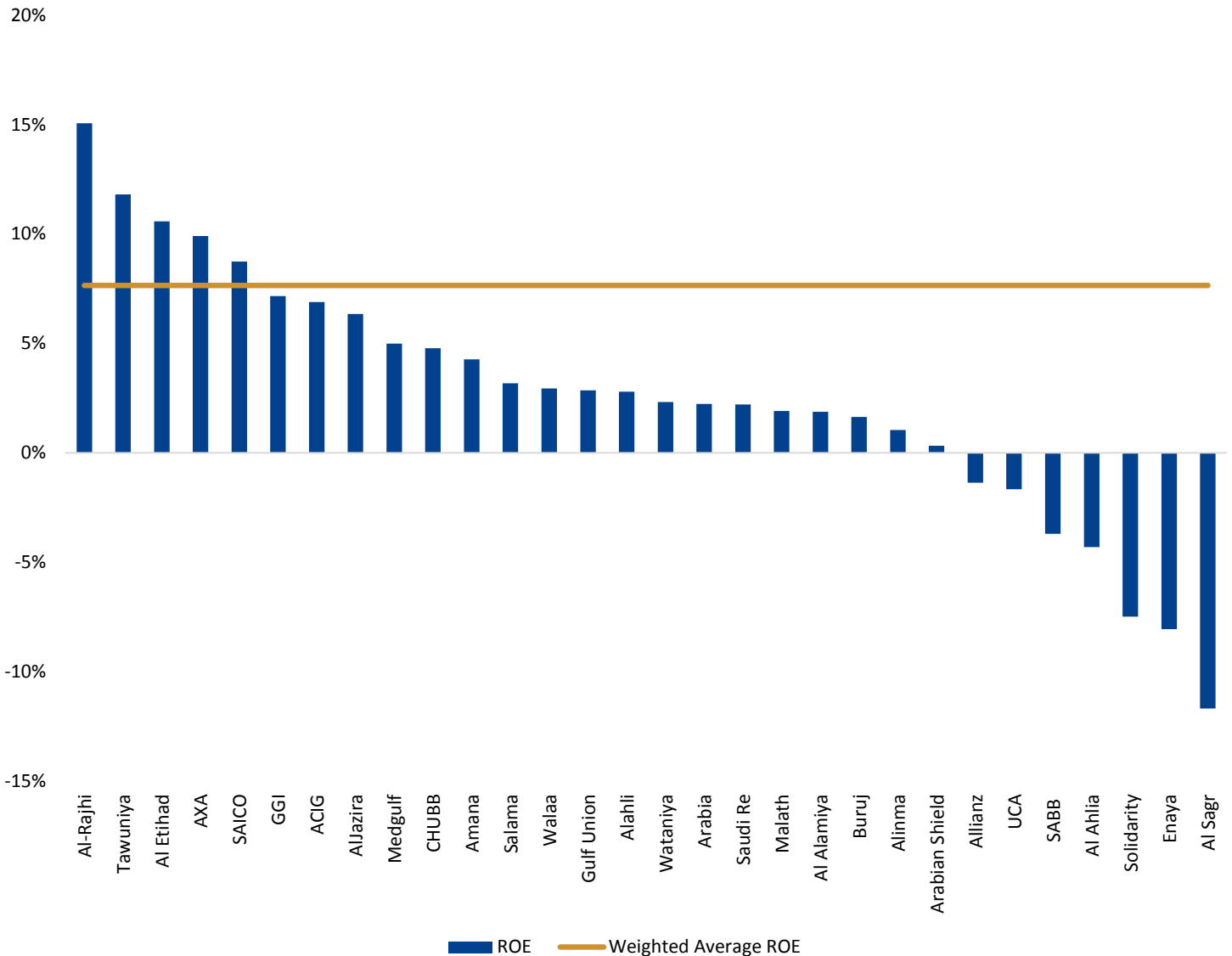
Weighted average Liquidity ratio for the market was at 102%.

The liquidity ratio has been calculated as a ratio of current assets over total net technical reserves as at 30th June 2020.

The optimum value of the Absolute Liquidity Ratio for a company is 0.5. This optimum ratio indicates the sufficiency of the 50% worth absolute liquid assets of a company to pay the 100% of its worth current liabilities in time

RETURN ON EQUITY

ROE



Bupa Insurance showed highest return on equity of 19% for H1-2020, whereas the lowest return on equity of -12% was reflected by Al Sagr for the same period.

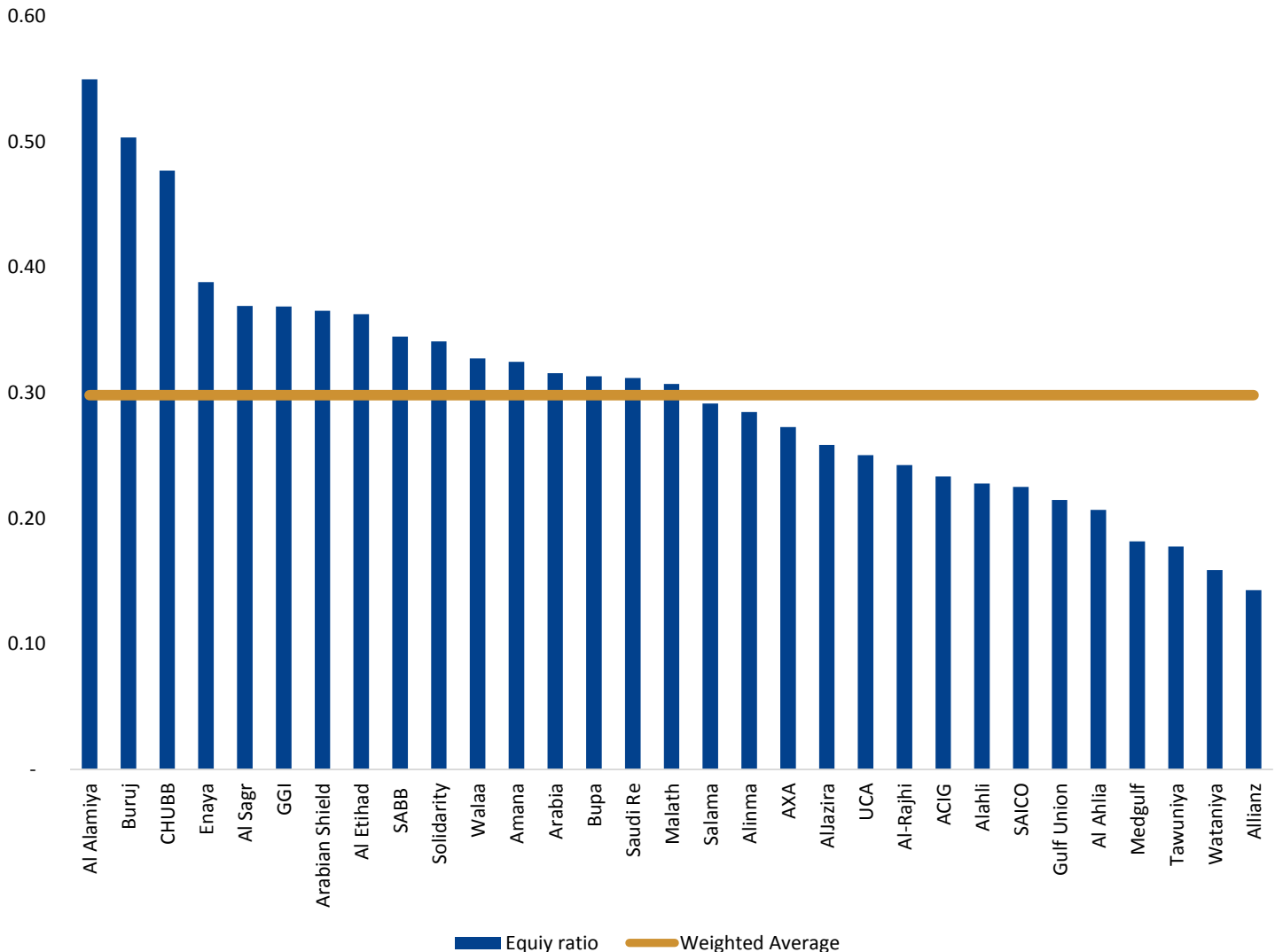
Industry weighted average return on equity for the is at 8%.

The return on equity has been calculated as a ratio of net profit of H1-2020 to total shareholder's equity as at the beginning of 2020.



EQUITY RATIO

Equity Ratio



The highest Equity ratio for H1-2020 is 0.55 shown by Al Alamiya, whereas the lowest ratio of 0.14 is reflected Allianz.

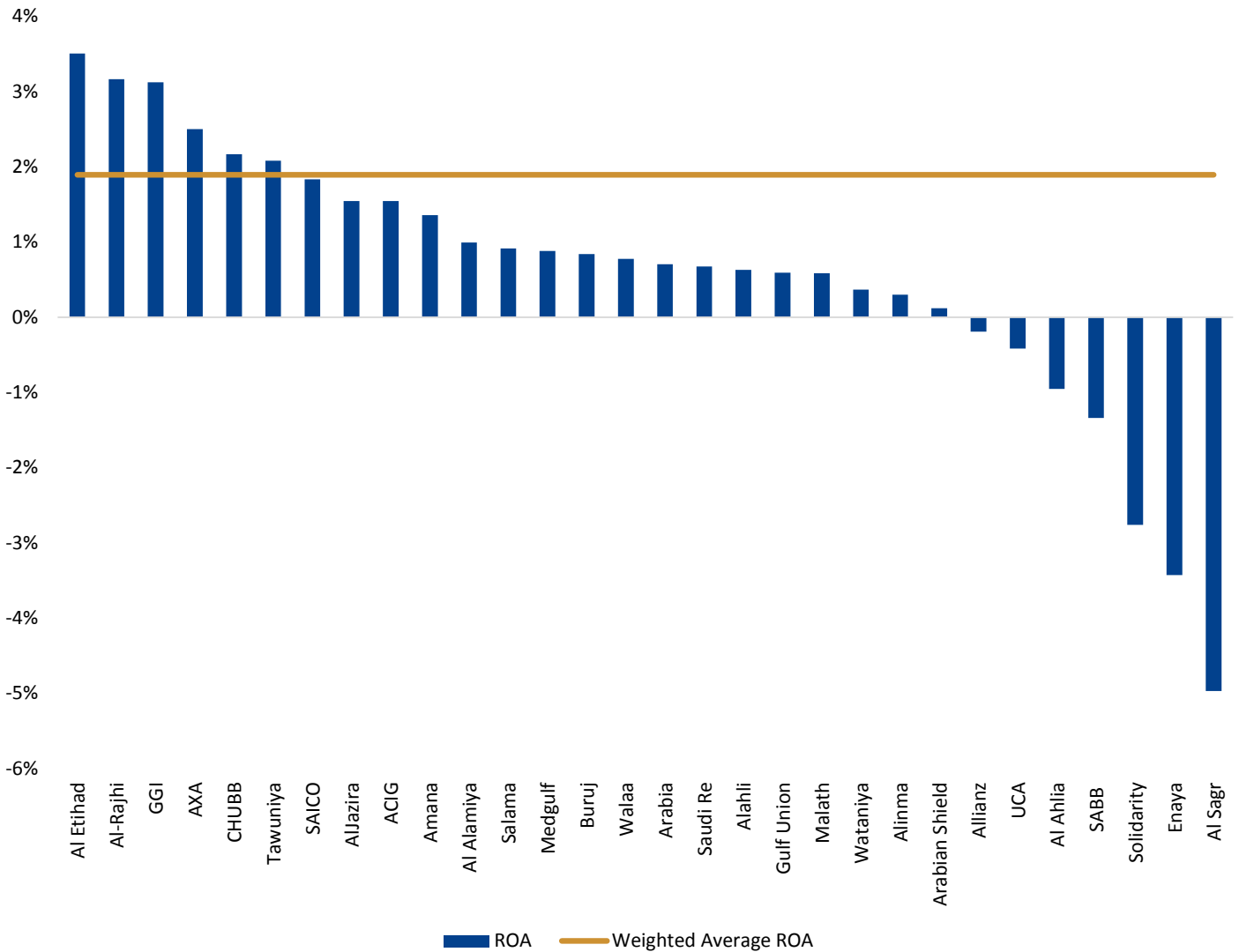
Weighted average Equity ratio for the market is 0.3.

The Equity ratio is a financial ratio indicating the relative proportion of equity used to finance a company's assets. It is calculated as Total equity as at H1-2020 divide by Total Assets as at H1-2020.



RETURN ON ASSET

ROA



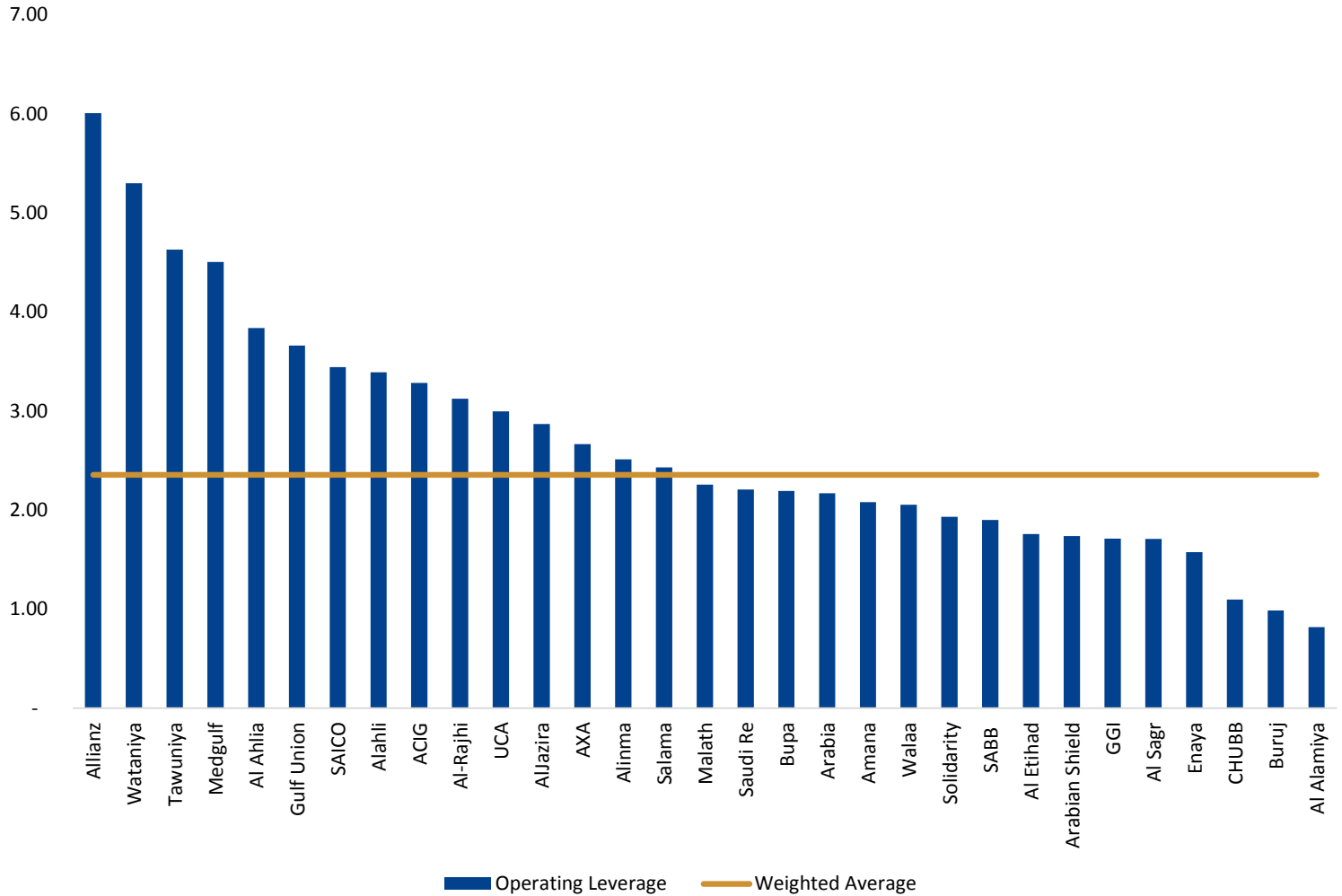
The highest return on Assets for H1 2020 is 5%, shown by Bupa, whereas the lowest return of -5% is reflected by Al Sagr.

Weighted average return on assets for the market is at 2%.

The Return on Assets has been calculated as a ratio of Total Profit/(Loss) attributed to Shareholders for H1-2020 to total Assets as at H1-2020.

NET OPERATING LEVERAGE

Operating Leverage



The highest Net leverage ratio for H1-2020 is 6.01 shown by Allianz, whereas the lowest of 0.82 is reflected by Al Alamiya.

Weighted average leverage ratio for the market is at 2.35.

The Leverage ratio is calculated by taking the proportion of Total Liabilities at H1-2020 to Net worth of the Company at H1-2020 .

The desired range typically falls below 5.0 for property insurers and 7.0 for liability insurers

COMPANIES INCLUDED IN ANALYSIS

S. No.	Symbol	Name	Abbreviation
1	8010	The Company for Cooperative Insurance	TCCI
2	8012	Aljazira Takaful Taawuni Co.	AJTTC
3	8020	Malath Cooperative Insurance Co.	MCIC
4	8030	The Mediterranean and Gulf Insurance and Reinsurance Co.	TMGIRC
5	8040	Allianz Saudi Fransi Cooperative Insurance Co.	ASFIC
6	8050	Salama Cooperative Insurance Co.	SCIC
7	8060	Walaa Cooperative Insurance Co.	WCIC
8	8070	Arabian Shield Cooperative Insurance Co.	ARSCIC
9	8080	SABB Takaful Co.	STC
10	8100	Saudi Arabian Cooperative Insurance Co.	SACIC
11	8120	Gulf Union Cooperative Insurance Co.	GUCIC
12	8130	Alahli Takaful Co.	AATC
13	8140	Al-Ahlia Insurance Co.	AAIC
14	8150	Allied Cooperative Insurance Group	ACIG
15	8160	Arabia Insurance Cooperative Co.	AICC
16	8170	Trade Union Cooperative Insurance Co.	TUCIC
17	8180	Al Sagr Cooperative Insurance Co.	ASCIC
18	8190	United Cooperative Assurance Co.	UCAC
19	8200	Saudi Re for Cooperative Reinsurance Co.	SRCRC
20	8210	Bupa Arabia for Cooperative Insurance Co.	BACIC
21	8230	Al-Rajhi Company for Cooperative Insurance	ARCCI
22	8240	CHUBB Arabia Cooperative Insurance Co.	CACIC
23	8250	AXA Cooperative Insurance Co.	AXACIC
24	8260	Gulf General Cooperative Insurance Co.	GGCIC
25	8270	Buruj Cooperative Insurance Co.	BCIC
26	8280	Al Alamiya for Cooperative Insurance Co.	AACIC
27	8290	Solidarity Saudi Takaful Co.	SSTC
28	8300	Wataniya Insurance Co.	WIC
29	8310	Amana Cooperative Insurance Co.	ACIC
30	8311	Saudi Enaya Cooperative Insurance Co.	SECIC
31	8312	Alinma Tokio Marine Co.	ATMC



Disclaimer

- Analysis of the Key Performance Indicators (KPIs) of 31 Listed Insurance Companies of KSA for H1-2020 has been undertaken. The data has been extracted from the financial statements of H1-2020 of all companies as available on Tadawul.
- While we have tried to ensure accuracy in the data input and evaluation process, in view of the natural scope for human and/or mechanical error, either at input or during analysis, we accept no liability whatsoever for any loss or damage resulting from errors, inaccuracies or omissions of any part of this publication. If you come across an error or have a query, do write to us.
- In certain cases, we needed to combine certain items for comparison purposes.
- The Report contains previous years values in a number of places that are taken from the Industry Reports of previous years published by SAMA.



BADRI

ABOUT OUR TEAM

UAE/Oman
Actuarial

28 STAFF

KSA Actuarial

22 STAFF

Medical

4 STAFF

Business
Intelligence

11 STAFF

End of Service

5 STAFF

HR Consulting

2 STAFF

12 SUPPORT AND ADMIN STAFF

TOTAL STRENGTH = 84

CONTACT US!



Hatim Maskawala



Ali Bhuriwala



Mirza Ali



Aiman Naseem

FEEDBACK

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